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## BUSINESS SUMMARY

### Equities and gilts drift down: Gold up

**EQUITIES**, apart from firmer gold mining shares, again drifted lower. The FT 30-share index closed 4.6 down at the day's lowest of 328.6.

**GILTS** opened lower, influenced by higher U.S. interest rates and the Budget deficit warning. They lost another 1/2 when selling appeared, but steadied in late afternoon. The Government Securities Index gave up 0.39 to 90.10—a fall of 0.75 in two days.

**GOLD** made further gains, closing \$21 higher at \$141.

**STERLING** rose 80 points to 32.0430: its weighted depreciation increased to 25.7 (25.6) per cent. The dollar also widened to 1.33 (0.99) per cent.

**WALL STREET** continued its fall, and was down 12.36 at 782.87 near the close.

**FINANCE HOUSES** base rates rose to 11 (10.5) per cent, to-day, reflecting the sharp upward trend.

**sh trade it plans**

Trade and airline in Britain face disruption in the night as dockworkers' Federation hour protest against Spanish traffic.

**secution**

is after the deaths of a Middlesbrough's (GB) was prosecuted under the Health at Work Act. The faded got guilty. It was the Act has been North Sea oil opera-

**ited**

omber pilot Alastair who tried to sell to the Russians for nine years by a old, North Wales, res-

**deaths**

people are feared to when a Russian-built airline Tupolev 134 to the sea as it Beirut airport, year, less 30 people died a collision north of es.

**es up**

air fares are in go up 15 and 20 per cent. mber except for trips ondon and Scotland or n which routes will still to be decided. al fares and cargo expected to rise 3 per December. Page 10

**ing idea**

consortium's plans to leaning Tower of Pisa ape are being con- the Italian Govern- e 18

**to U.S.**

Emperor Hirohito, and ss began a visit to the police police fought protesters in Tokyo departure.

**le and places**

provisional govern- declared a state of y to contain a political gered by strikes follow- of seven Ethiopian employees. Page 8

**larone Dietrich, 71, was**

story" in hospital after a thigh bone on stage

**will be unsettled and**

et the long-range fore- Page 10

**T Clipper Race entry**

3 11 was spotted by a 00 miles N.E. of Recife days of radio silence.

**ton referee Capt. Mike**

has resigned after 13



### Venezuela plans \$2bn. Euroloan

**VENEZUELA** plans to borrow up to \$2bn. from the Euro-currency markets over the next few years. The money will supplement the country's oil earnings in financing expansion in steel, aluminium and railways. Page 26

**A BUSINESS REVIVAL** is expected next year by West German manufacturing industry, according to a survey by the IFO Institute, whose previous forecast was a better guide to 1975 than official prognostications. Page 6

**INDUSTRIAL DEMOCRACY** Bill planned for Sweden will provide for greater worker control — "co-determination" — rather than the originally intended "democracy". Page 7

**LONDON BRICK** is to help build and operate a £3.5m. brick works in Iran. The company is to take a 30 per cent. stake in the venture and will design the plant. Page 8

**SIZEWELL** nuclear power station, expected to cost £100m., has been given the "go-ahead" by Energy Secretary Mr. Anthony Wedgwood Benn.

**SIR DENYS LOWSON'S** family interests have repaid the £5m. profit made as a result of share dealings in 1972 and 1973 for which Sir Denys was severely censured in a Department of Trade report. Back Page

**GRAND METROPOLITAN** is to make a one-for-seven rights issue. At 50p a share, this will raise £27m., bringing the total of new capital raised on the Stock Market this year to £1bn. Back Page

**ROECHST** expects its third-quarter profits to be worse than the DMSM. (£14.8m.) for the second quarter, and has been forced to cut its expansion plans. Page 25

### PRICE CHANGES YESTERDAY

in pence unless otherwise indicated

RISERS	
J. & J. "A"	34 + 4
ICI	61 + 5
Long Securities	165 + 8
Lonrho	123 + 13
le-Burgh	91 + 4
r Mines	90 + 10
mental	315 + 15
in	265 + 40
post	363 + 15
FALLS	
131%, 1997	5331 - 4
n	315 - 4
Combes-Mars	326 - 7
133	133 - 3
Stores	189 - 8
ns (London)	143 - 9

Grand Metropolitan	65 - 31
GUS "A"	50 - 5
Cross Cash Registers	191 - 5
Hall-Thermotank	33 - 7
Hambros	75 - 4
ICI	156 - 7
ICI	281 - 4
Long Securities	174 - 5
Lonrho	708 - 4
MEPC	64 - 5
Mercury Secs.	151 - 5
Mont Containers	244 - 71
P & O Defd.	97 - 4
Reckitt & Colman	313 - 7
Rowntree McKintosh	143 - 4
Stock Conversion	216 - 4
Tate & Lyle	350 - 7
Unilever	350 - 7
Wedgwood	336 - 8
Shell Transport	53 - 5
Anglo-Gld. Devt.	140 - 4
Ayer Hittm	630 - 25
Harmony	68 - 5
Sabins Inds.	68 - 5

## Healey warns Party on public spending

BY JOHN BOURNE, LOBBY EDITOR, in Blackpool

IN A tough, uncompromising yet well-received speech, Mr. Denis Healey, the Chancellor, warned the Labour Party conference here yesterday of the unpleasant economic consequences of continuing increases in public expenditure.

Unbowed after just being voted off the party's National Executive, he said to the conference: "I want to tell you straight that there is no way on earth by which any government, Labour, Tory, whatever you like, can have substantial increases in public expenditure without putting a substantial increase in tax burdens on the average working man and woman. I want you to face a few facts here as well, because general elections do not change the laws of arithmetic nor for that matter do National Executive elections."

It was a day packed with drama, even for a Labour Party conference. Mr. Healey lost his seat on the Executive to Mr. Eric Heffer—the Left-wing MP dismissed by Mr. Wilson as Minister of State for Industry, earlier this year.

The Prime Minister made a vintage speech, full of the skills of a political ringmaster. He simultaneously reproved Mr. Reg Prentice, the Cabinet Minister for Overseas Development, for his speech on Sunday, last Saturday's activities of the Right-wing Social Democratic Alliance, and also Left-wing extremists in those constituency parties like Newham North East which recently ousted Mr. Prentice as its candidate for the next General Election.

The Chancellor said that import controls had a role to play, but that conference must not exaggerate their effect.

Prime Minister's remarks about the Left and Right wings.

Mr. Wilson had called for the regeneration of local parties, with greater democratic participation by members to thwart self-appointed Samurais who am not going to let up until together we have won a victory which is final and conclusive. If, when that time comes, you give me my medals back, so much the better."

But some later remarks were resented by the Left, especially his metaphor that Britain had still to ride out an economic typhoon, "even if some of you decide to throw the navigator overboard because you do not like being seasick."

Mr. Healey's removal from the Executive will not have major practical effects for him. He will now be free to criticise publicly the documents and deliberations of the Executive, and he will still keep as Chancellor his seat on the Labour Party-TUC liaison committee.

Delegates strongly applauded the Chancellor's announcement that he will be putting his ideas on a new micro-economic strategy for British industry, and those of Mr. Eric Varley, the Industry Secretary, to the TUC in the next week or two, before they were debated at the November meeting of Neddys. The latter, incidentally, is to take place at Chequers.

Although unseating Mr. Healey and voting Mr. Anthony Wedgwood Benn and Mrs. Judith Hart top of the constituency and women's sections of the Executive respectively, the Left did not do as well as it had hoped.

Mr. Norman Atkinson, MP, for example, came no nearer than last year in his bid to defeat Mr. James Callaghan for the

Continued on Back Page  
Conference reports, Page 12  
Labour drops new HQ plan, Back Page



MR. Healey: "Elections do not change the laws of arithmetic."

## Housing activity falls sharply after modest recovery

BY MICHAEL CASSELL

THE GRADUAL improvement in house-building activity took a sharp knock in August, with starts and completions falling back from the levels recently recorded.

According to the Department of the Environment, which emphasises that one month's provisional figures can be misleading, total housing starts in August reached only 25,000 compared with nearly 31,000 in the previous month. Housing completions fell to their lowest point this year, reaching only 22,000 compared with nearly 27,000 in July.

There have been widespread suggestions that the recent modest but encouraging upturn in house-building activity generally would not develop into a major revival, at least in the near

future. The rising output in the council housing sector has recently been faltering and may well fall back further as local authorities prune budgets.

At the same time, builders remain far from confident about sales prospects in the private sector, despite the recent good performance of building societies, and many are still clearly very reluctant to step up output levels by any significant amount.

But, as the DOE itself stresses, the figures for one month may not show the true picture, and further statistics will be needed before it becomes clear whether the industry's output is now levelling out.

In detail, council housing starts in August fell to 13,000 from 16,200 in July while new housework on the only 12,000 private homes during the

## Horsman to give up Bowater leadership but stays on Board

BY LORNE SARLING

MR. MALCOLM HORSMAN, joint managing director and deputy chairman of the Bowater Corporation, is to relinquish his executive appointment at the end of the year, the company said yesterday.

Mr. Horsman, a former associate of Mr. Jim Slater, took up the position after the merger between Bowater and his Ralli International trading company in 1972. He said he was leaving to "devote more time to non-business activities."

He will, however, remain a member of the Board as a non-executive director and act in an advisory capacity. Mr. Colin Popham, vice-chairman and joint managing director, will become sole managing director on February 1.

The announcement follows recent speculation about the future of some of Bowater's financial and trading interests, once part of the Ralli empire,



MR. MALCOLM HORSMAN

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## Bonn retreat on Budget puzzles EEC

BY REGINALD DALE, COMMON MARKET CORRESPONDENT

BRUSSELS, Sept. 30. more general German line that agricultural spending must be cut.

One explanation advanced here to-day was that up to the last minute Bonn might have been expected to abandon its in its bid to prune the Farm Fund. The U.K. had earlier hinted that it might abstain in the final vote on the Budget if Bonn voted against it. That would have been tantamount to siding with Bonn, and would have had the effect of creating a new deadlock by blocking the Budget's adoption.

The aim, British officials explained, would have been to save

**Slightly more back for U.K.**

BRITAIN WOULD receive slightly more back from the EEC Budget than she paid to it this year, Mr. Joel Barnett, Chief Secretary at the Treasury, said in Brussels. Earlier forecasts had suggested the U.K. would make a net payment of about £100m. in 1975. Britain was now likely to achieve a modest surplus, Mr. Barnett told journalists after the EEC Council meeting ended.

**Near crisis**

Nevertheless, if that was the case, diplomats here from other countries could not see why Bonn had brought the Community so close to a crisis by refusing to accept the Budget last week. It was far from clear what Bonn had achieved by defying the other eight countries for seven days before caving in.

The German stand certainly generated a good deal of annoyance among other delegations, and in the Brussels Commission. Both Ireland and Italy were prepared to make a major fuss over budgetary sections where Germany had already insisted on cuts, particularly the Social Fund, if Bonn had maintained its strong line last night.

Irish officials said cuts in the Social Fund were a far more important matter to Ireland than the reductions in Farm Fund expenditure sought by Bonn were to Germany. France was also distinctly irritated by the German tactics, as well as by the

£ in New York

	Sept. 29	Previous
Spot	\$2.0385-0385	\$2.0425-0445
1 month	0.85-0.81	0.80-0.75
3 months	1.75-1.85	1.72-1.77
12 months	6.14-6.08	6.23-6.15

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LOMBARD

# Clouds on the horizon

BY C. GORDON TETHER

THE threat to the stability of the international banking system posed by the nature of its initial involvement in the business of recycling the oil surpluses—a cause of no little concern in world financial circles a year ago—now appears to have receded to a comfortable distance. But that is not to say its members can now confidently look forward to a prolonged trouble-free run.

Two other clouds of considerable potential consequence have been creeping into the picture during the past six months. And the banks that stand most in their path are not going to feel at all happy until it becomes evident that they are going to be "containable".

The first consists in the danger of American banking houses being gravely embarrassed by the need for the City of New York to declare a moratorium on its debts—a possibility that apparently can no longer be dismissed as unthinkable. The special study undertaken by the U.S. Federal Deposit Insurance Corporation which surfaced a few days ago showed that about a hundred commercial banks would be in serious trouble if the city was finally left with no alternative but to default—these institutions being in the unhappy position of holding city securities equal to half or more of their capital.

## Other dangers

It is true that the number of American banks caught up in this sad affair looks fairly small when set against the country's total number—14,000. But the official report did not cover bank holdings of paper issued by the State of New York and related agencies.

If the growing belief that a default by the city itself would be a disaster for the country's solvency of these bodies proved to be right, the number of U.S. banks that could be put in difficulties by such a development would come out well beyond the hundred mark.

Furthermore, as some U.S. comment on the struggle to keep New York afloat has been stressing, there are other ways in which the U.S. banking system could be adversely affected by a default in New York.

In the first place, it is said, this could add to the uneasiness about the outlook for the entire U.S. bond market—not excluding the corporate sector—generated by the fashionable theme that the ultimate effect of official endeavours to try to promote re-expansion without generating a new inflationary explosion will be to precipitate a severe liquidity squeeze.

It can—and is being—argued that the U.S. authorities would never, in the last resort, allow

New York City to default because of the potential enormity of the national and international repercussions. But Washington has, up till now, done nothing to discourage the impression that it is prepared to contemplate such an eventuality.

And it has to be recognised that it is just conceivable that it has been influenced in this matter by an argument advanced by some financial commentators. Which is that it would be better to allow New York to default than to go on striving to salvage it through a series of operations which would leave the rescuers highly vulnerable—as has, indeed, already happened in the case of New York State.

## Great spree

The New York City threat is, of course, primarily the concern of the American part of the international banking community. This is not the case with the other international banking "cloud" that has recently been attracting increasing attention—that arising from the possibility that some of the less developed countries will be forced to default on their loan repayments by the new deterioration in their external payments circumstances.

It is no secret that a number of countries in this category have been hard put for some time past to find the foreign exchange needed to service the considerable foreign indebtedness they incurred as a result of the great borrowing spree which they were encouraged to indulge in by the Euro-currency market explosion. The fear is that the serious new setback they have sustained in their external accounts as a result of the success of the industrialised countries have had in unloading their own oil deficits will be in the nature of a last straw.

Thanks to the popularity in recent years of the practice of spreading the risks involved in lending to the small countries through the syndication system, defaults by individual countries need not cause much embarrassment to individual banks. But if a number of countries were forced to take this step at the same time, it could be a very different matter.

The lessening of the threat to the international banking system posed by oil recycling can be attributed in substantial degree to the fact that the governments of the major industrial countries finally recognised that they had a collective responsibility to do something about it. One hopes that they will not take too long to realise that they ought to be taking a similar interest in the new dangers.

RACING

## Petipa for Cheveley Park Stakes

THAT HIGHLY SUCCESSFUL young sire Habitat, whose daughter, *Rose Bowl*, seems sure to take a tremendous beating in Saturday's Champion Stakes, from which the now retired Grundy was withdrawn yesterday, may well have an equally talented representative in the two-year-old, *Petipa*.

This sister to Family Talk and half-sister to Press Lunchman has won her last two races with complete authority, and looks capable of completing a hat-trick today's highly competitive Newmarket Handicap (3.35) at Newmarket.

*Petipa*, who first stamped herself as an extremely promising juvenile when outclassing the odds-on Alcazar and Major John in the Prince of Wales Stakes at York's Benson and Hedges meeting, has since enhanced her reputation with a four-length success over the well-thought-of Verulam in a \$4,000 event at the Curragh four weeks ago.

Good-looking filly swept into the lead a furlong-and-a-half from home, and from that point she was never in danger, winning in a hack canter. Her time of 1 min.

11.4 sec. lowered the six-furlong course record for a two-year-old by over half a second.

*Petipa*, a strongly-made filly with plenty of scope for improvement, may have most to fear

**NEWMARKET**  
2.00—*Truly Brave*...  
2.30—*Nursery Rhyme*...  
3.00—*Fats Waller*...  
3.35—*Petipa*...  
4.10—*Louise Valliere*...  
4.40—*Giselle*...

**FOLKESTONE**  
1.45—*Roché Noire*...  
2.15—*Malinthead*...  
3.15—*Princess Antoine*...  
3.45—*Soldier's Nose*...  
4.15—*Southeastray*...

**PONTEFRAC**  
2.15—*Juv*...  
2.45—*Capitain Lark*...  
3.15—*Rustingo*...

from another attractive individual bidding for a hat-trick, the unbeaten *My Fair Niece*.

This half-sister by Great Nephew to *Rossalka*, from Bruce Hobbs' stable, which took this event a year ago through City of Truth, followed up a Lingfield

victory in July by decisively accounting for Corrib in Goodwood's Rous Memorial Stakes in August, although knocked out of her stride by a hefty bump from the fourth, *Ballidon*, at the quarter-mile marker.

That tough filly, *Pasty*, retained her unbeaten record with a game victory over Sweet Nightingale in the Lowther Stakes on her last appearance and she is preferred to the remainder.

Thirty-five minutes after the Cheveley Park Stakes, *My Fair Niece's* sister, *Edward Bide*, could also be on the mark with the lightly-raced *Louise Valliere* in the Rowley Mile Nursery (4.10). Michael Stoute's filly need only reproduce the form which enabled her to beat *Touch of Gold* by three-quarters of a length on the July course over 1 1/2 miles to account for *Generalissimo*, who has disappointed since winning at Yarmouth on his debut in July.

Bernard von Cusem's Stanley stable has hit form in the past two days of racing and it should be disappointed if its smart *Vagabond* Noble filly, *Truly Brave*, of the course since 1974, cannot outclass the opposition in the opener, the *Quay Maiden Fillies' Plate* (2.00).

SALEROOM

BY ANTONY THORNCROFT

## 'Pop' guitars up for auction

THERE WERE no sensations in the London salerooms yesterday but Sotheby's was well satisfied with a sale of English pottery and porcelain which made £48,248.

As an example of the strong demand, a rare Ralph Wood equestrian group depicting William III dated around 1770 was bought by Jellinek and Sampson for £3,800 as against the estimate of £2,000-£2,400. The same figure sold at Sotheby's in 1956 for £400.

An ironstone "Japan" pattern dinner service of 108 pieces was bought by Sewell for £1,400, almost three times the forecast and a pair of Ralph Wood figures of a sailor and his girl, made about 1775, went to Mrs. Moir for £1,300, within the prediction. *Bewley Antiques* gave £950 for a Derby part dinner service of 25 pieces by Daniel Lucas and a rare pair of Champion's Bristol figures of a shepherd and a shepherdess of 1775 made £900. In 1943 they sold for £220.

The most remarkable sale of the day took place at Phillips which was selling furniture and rugs with the rug attracting attention in a packed saleroom, with bidders overflowing into the corridor. John paid £7,200—

more than three times the estimate—for a silk Herkese rug measuring 6 feet by 4 feet. A slightly larger Herkese carpet also far exceeded forecast at £4,400. It was bought by Rubin.

An 18th century Paris tapestry panel went to Frances for £3,000, and an 18th century Italian marquetry bureau, with a cylinder front, was bought for £1,900, more than double the estimate. *Hampden* gave £440 for a Flemish brass candlestick dating from around 1500. In all, the sale totalled £66,151, the highest sum this season at a Phillips furniture sale.

## First time

Two sales of paintings and drawings at Sotheby's Belgrave and Christie's were very routine. The Sotheby's sale reached £16,175, with a best price of £820, paid by the Fine Arts Society for "Zayda," a portrait of a classical woman by William Clark Wootton, 1913. Old Master drawings at Christie's managed £13,658, with a modest £273 the best of the day. It was paid by Fein, for a vase of flowers in a garden setting in the style of Van Oij.

To-day, Bonham's opens its first overseas office—in Geneva. But much more fascinating sale takes place on October 23 at

the Old Chelsea Galleries of the King's Road. It is Bonham's first auction of musical instruments and includes a section of electric and acoustic equipment, the first time such items as the famous guitars of the 1950's and 1960's—Fenders, Les Pauls and Gibsons—have been sold at auction.

The saleroom is in contact with many of the pop groups of the early period and later, and hopes to include instruments used by groups like Yes. The guitars will be included in a section called the "New English Collection," and also on sale will be rare records, old gramophones, juke boxes and amplification equipment. If the sale is successful there will be more concentrating on the "pop" world.

In contrast, Sotheby's is to sell in Zurich on November 5 Hebrew and Samaritan manuscripts from the collection of David Sassoon. This is one of the most outstanding Jewish libraries in the world, and among the works on offer is a Damascus Pentateuch, written in the 9th century, the oldest manuscript in existence containing a large portion of the Bible in Hebrew. There are only fragments among the Dead Sea scrolls.

GARDENS TO-DAY

## A shrub with red flow

BY ROBIN LANE FOX

THERE ARE no blue roses or blue chrysanthemums yet, but as last week's Great Autumn Show in the Royal Horticultural Society's halls made only too plain, there is at last a shrub *Potentilla* with red flowers.

The exhibit of an amateur gardener, it was one more tribute to the private grower's vigilance and imagination: let no professional rose-breeder forget that *Rose Peace*, whose popularity has long exceeded other professional "improvements," began life as an amateur's cross.

Leaves and their colourings are a prominent theme in any autumn flower show, but one of the most interesting of last year's exhibits was the unfamilar *Melanthus* Major from the gardens of Christopher Lloyd who has given it most of its reputation to date in his various writings on gardening. The judges honoured his plant with an award, and maybe they will encourage more nurserymen to take an interest in such a relatively quiet customer.

But this new *Potentilla* nearly began its public career in the witness box. A cutting was stolen from it soon after the show opened, a shameful incident which led to its withdrawal from the exhibit so that no subsequent visitors could enjoy the sight of it.

If you think that such stealing is rather trivial, remember that the *Potentilla* is one of the fastest sellers in a garden centre and that mid-September cuttings root easily. It will be a season or two before the new Red Ace is freely available, but there is no doubt that it will be a popular plant for gardens of the future.

Indeed, if I was not very keen on gardening and wanted one small shrub to go with my lavender bushes and to flower so that I could hold my head high in the neighbourhood, I think I would probably choose *Potentilla*. Before you do so, be warned of its disadvantages.

In winter it looks ghastly. Its branches of brown twigs are so bare that they look like a dead tree. It is actually brown if you break it apart. Never discard it. *Potentilla* in winter because it has no sign of green life when you break a twig for inspection. Just remember that it is a plant for flowers only and say, look at it in the summer when it is in full flower and you will be very depressed for half the year if it is not in flower.

That said, the flowers are abundant and quite exceptional. They last long, July or late June until October being the full and proper season for their strawberry-like shape. The best beyond any doubt is usually sold as *Elizabeth*, a popular substitute for its Latin name *Arbutus*.

None of the others produces quite so many single yellow flowers (*Elizabeth* is about an inch across) or shows quite such a clear shade of primrose

yellow. The silver green leaves and small white flowers of *Potentilla* *Fruticosa*, *Abbotswood*, are attractive for different reasons, not for a conspicuous show of flower but for their distinctive leaves and taller, more upright branches.

When in leaf this makes an unusual and noticeable hedge or border: silvery leaves and white flowers are so fashionable that I am surprised we do not see this *Potentilla* more often. It is hardy, almost fool-proof and cheap.

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Leaves and their colourings are a prominent theme in any autumn flower show, but one of the most interesting of last year's exhibits was the unfamilar *Melanthus* Major from the gardens of Christopher Lloyd who has given it most of its reputation to date in his various writings on gardening. The judges honoured his plant with an award, and maybe they will encourage more nurserymen to take an interest in such a relatively quiet customer.

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But this new *Potentilla* nearly began its public career in the witness box. A cutting was stolen from it soon after the show opened, a shameful incident which led to its withdrawal from the exhibit so that no subsequent visitors could enjoy the sight of it.

If you think that such stealing is rather trivial, remember that the *Potentilla* is one of the fastest sellers in a garden centre and that mid-September cuttings root easily. It will be a season or two before the new Red Ace is freely available, but there is no doubt that it will be a popular plant for gardens of the future.

Indeed, if I was not very keen on gardening and wanted one small shrub to go with my lavender bushes and to flower so that I could hold my head high in the neighbourhood, I think I would probably choose *Potentilla*. Before you do so, be warned of its disadvantages.

In winter it looks ghastly. Its branches of brown twigs are so bare that they look like a dead tree. It is actually brown if you break it apart. Never discard it. *Potentilla* in winter because it has no sign of green life when you break a twig for inspection. Just remember that it is a plant for flowers only and say, look at it in the summer when it is in full flower and you will be very depressed for half the year if it is not in flower.

That said, the flowers are abundant and quite exceptional. They last long, July or late June until October being the full and proper season for their strawberry-like shape. The best beyond any doubt is usually sold as *Elizabeth*, a popular substitute for its Latin name *Arbutus*.

None of the others produces quite so many single yellow flowers (*Elizabeth* is about an inch across) or shows quite such a clear shade of primrose

yellow. The silver green leaves and small white flowers of *Potentilla* *Fruticosa*, *Abbotswood*, are attractive for different reasons, not for a conspicuous show of flower but for their distinctive leaves and taller, more upright branches.

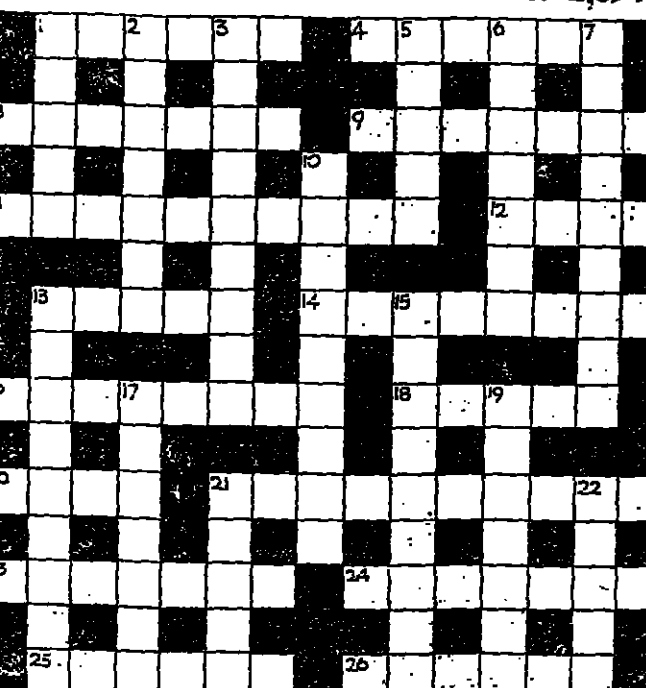
## TV/Radio

+ Indicates programme in black and white.

### BBC 1

9.15 a.m. For Schools, Colleges.  
10.15 You and Me, 11.00 For Schools, Colleges, 12.00 p.m. Day and Night, 12.55 News, 1.00 Pebble Mill, 1.45 On the Farm, 2.01 For Schools, Colleges, 3.58 Regional News (except London), 4.00 Play School, 4.25 Roolbarb, 5.45 News, 6.00 Nationwide, 6.45 It's a Knock-out, 8.00 All's Frazier, 9.00 Party Political Broadcast on behalf of the Conservative Party, 9.10 News.

### F.T. CROSSWORD PUZZLE No. 2,894



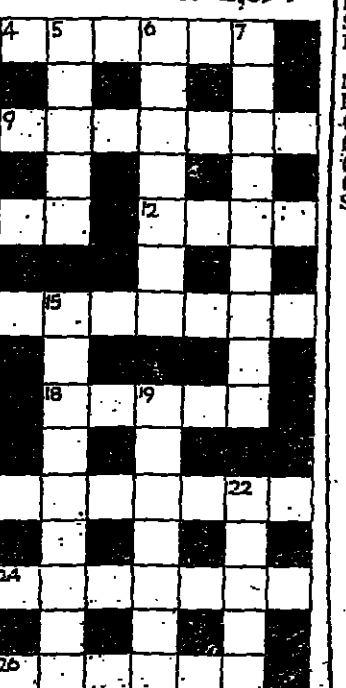
- ACROSS**
- Indifference shows the way in always (6)
  - A Continental system here adopted encountered the Irish police (6)
  - Fades with her mental faculties about her (7)
  - A good score aboard for offenders (7)
  - Stout roots can make one feel unwell (3, 2, 5)
  - The figure that draws the cricket fans (4)
  - "We... a climb and know it not" (Lowell) (5)
  - Farwell upsets Cain in Spain (8)
  - One item on the Walrus's agenda (8)
  - Terriers in the sick-bay—it's the devil (5)
  - Of North for this town (4)
  - Deed of valour sounds mixed up anatomically (4, 2, 4)
  - Mother introduces imposition in Belgium (7)
  - Diver takes river to Somerset town (7)
  - Figures it must be in lodgings (6)
- DOWN**
- I meant good-bye to the French king (7)
  - ... and in the lot (7)

4.30 Jackanory, 4.45 These Are the Days, 5.00 John Craven's Newsround, 5.15 The Hill of the Wombles, 5.45 News, 6.00 Nationwide, 6.45 It's a Knock-out, 8.00 All's Frazier, 9.00 Party Political Broadcast on behalf of the Conservative Party, 9.10 News.

### BBC 2

9.15 a.m. Open University, 9.30 Nat Gindigi Naya Jeevan, 9.40 Labour Party Conference, 11.00 Play School, 11.25 Labour Party Conference, 12.30 p.m. Morning Report and 2.00 coverage of the afternoon session, 3.00 Open University, 3.10 News, 3.20 Weather, 3.30 Newsday, 3.55 Tulgav, 4.30 Arena: Theatre, 9.00 Party Political Broadcast on behalf of the Conservative Party, 9.10 Face the Music, 9.40 The Secret Agent, 11.15 Newsnight, 11.30 Closedown: Jill Balcan reads "The Wild Swans at Coole" by W. B. Yeats.

### F.T. CROSSWORD PUZZLE No. 2,894



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1. I meant good-bye to the French king (7)
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9.25 I Didn't Know You Cared, 10.05 Softly, Softly: Task Force, 10.55 To-night, 11.40 Weather/Regional News, All Regions as BBC 1 except at the following times:—  
Wales—5.15-5.40 p.m. Bam-Dw, 6.00-6.45 Wales To-day, 6.45-7.15 Heddidi, 7.15-8.00 The Wonderful World of Disney, 11.40 News and Weather for Wales.  
Scotland—10.25-10.45 a.m. and 2.40-3.00 p.m. For Schools in Scotland, 8.00-8.45 Reporting Scotland, 11.40 Scottish News Summary.  
Northern Ireland—4.50-4.55 p.m. Northern Ireland News, 6.00-6.45 Scene Around Six, 11.40 Northern Ireland News Headlines.  
England—4.00-4.45 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South-West (from Plymouth).

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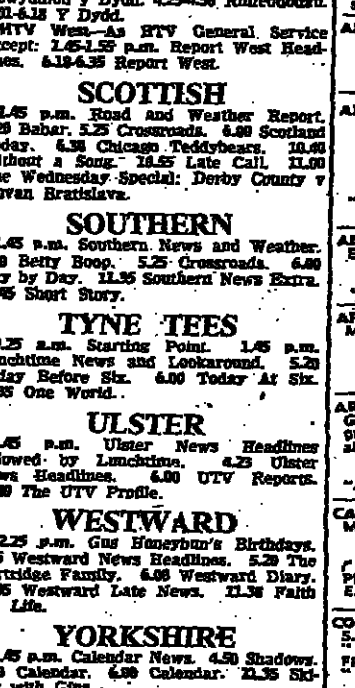
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This announcement appears as a matter of record only.



# FEDERATIVE REPUBLIC OF BRAZIL

US \$ 50,000,000  
5-Year Eurodollar Loan

Managed by

Kredietbank N.V.  
Girard Trust Bank  
Harris Trust and Savings Bank  
North Carolina National Bank

and provided by

Allied Bank International • American Security and Trust Company  
Bank of British Columbia • Bank of Scotland • Bank of the Southwest N.A.  
Banque Canadienne Nationale • Banque Unie Est-Ouest S.A. (East-West United Bank)  
Central National Bank of Cleveland • Citizens and Southern National Bank • Continental Illinois Limited  
First & Merchants National Bank • First National Bank of Atlanta  
First National Bank in St. Louis • Girard Trust Bank • Harris Trust and Savings Bank  
Hartford National Bank & Trust Company • Hibernia National Bank of New Orleans • Kredietbank N.V.  
LaSalle National Bank • Nederlandsche Middenstandsbank N.V. • North Carolina National Bank • Northwestern Bank  
Northwestern National Bank of Minneapolis, Luxembourg Branch • The Provincial Bank of Canada  
J. Henry Schroder Banking Corporation • Seattle-First National Bank • State Street Bank and Trust Company

Agent Bank

Kredietbank N.V.



## MINERALS AND RESOURCES CORPORATION LIMITED

Incorporated in Barbados

Extracts from the review by the President, Mr W.D. Wilson

During the last eighteen months considerable progress has been made in broadening the corporation's field of operations by expanding its asset base and by participating in new international business of the Anglo American Corporation of South Africa Limited and Charter Consolidated Limited groups of companies.

The former was accomplished in the main by increasing the corporation's investment in Enghard Minerals & Chemicals Corporation (EMC) to some 30 per cent through acquisitions of shares from the two groups, financed by the issue of 41,910,818 'A' ordinary shares of the corporation. At the same time the name of the corporation was changed to reflect more clearly its purposes.

The broadening of the corporation's interests began, with the acquisition in May 1974 in conjunction with Hudson Bay Mining and Smelting Co. Limited (Hudbay) of the capital of Trend Exploration Limited (TEL), an international oil and gas company based in the United States, with substantial production and exploration activities principally in the United States and Indonesia. The cost of Minoro's 43 per cent interest in TEL was \$48 million.

In March 1975 Anglo American Corporation do Brasil (Ambras), in which we have an important interest, acquired a 49 per cent equity holding in Minero do Vale S.A., the oldest and largest gold mining operation in Brazil. Minoro has invested a further \$3 million in Ambras as a contribution towards the purchase of this investment.

In June 1975, Hudbay and Minoro participated in the acquisition of 18 per cent and 12 per cent respectively in the capital of the Inspiration Consolidated Copper Company (ICC). ICC is an integrated natural resources company having as its principal line of business the production and sale on a substantial scale of copper from its operations in the state of Arizona, which includes mines, a smelter, refinery and a rod fabricating plant. The company also operates a modern sulphuric acid plant. It has large reserves of copper ore capable of further development and some interesting coal rights. Minoro's interest was acquired at a cost of \$14.3 million.

Since the end of the financial year, an agreement between Charter Consolidated and Minoro has been concluded in terms of which, subject to the conditions mentioned below, Minoro will acquire a portion of Charter Consolidated's interest in the international consortium company Societe Miniere du Tenke-Fungurume (SMTF) which holds the mineral concession over important copper deposits in Zaire. A considerable amount of work has already been carried out on this major project which is planned to come into production in 1978 with a target annual rate of 130,000 metric tons of refined copper and 6,500 metric tons of cobalt per annum from established ore reserves estimated at 51 million tons containing 5.7 per cent copper and 45 per cent cobalt. The latest capital estimates after allowing for inflation and contingencies indicate a total cost of \$660 million. A basis for the provision of third party loan finance has been reached with a group of banks led by Chase Manhattan and the export credit agencies of various governments for a total amount of \$425 million, and the balance of \$235 million will be contributed by shareholders in the form of equity and shareholders' advances. Subject to the completion of the loan finance documentation and the signature of the relevant agreements and undertakings it has been agreed that Minoro will purchase from Charter Consolidated a participation in SMTF amounting to 7 per cent in the share capital and shareholder advances on similar terms and with similar rights and obligations as attaching to the interest held by Charter. The acquisition would involve an initial outlay of approximately \$4 million and on the basis of current estimates an additional amount over the next three years of \$18 million, which will be financed from Minoro's present cash resources. The financial results for the year under review reflect both the problems of investment in the metals industry and the importance of the improving balance of the corporation's portfolio. Dividend income from EMC, net of U.S. withholding tax, totalled U.S. \$6.1 million during the year, making EMC the corporation's largest single source of investment income. Zambia Copper Investments Limited (ZCI) in which the corporation has a 49 per cent interest was severely affected during the past year by the reduced profitability of its major investments in the Zambian copper industry, which, together with other difficulties discussed later in my review, has obliged it to reduce its own distributions during its year to 30th June 1975 to \$4.9 million compared to \$49.0 million.

### Profits

The profit for the year, before taxation, was \$11,893,000, \$17,876,000 or 60 per cent lower than the profit of \$29,769,000 for 1974. Investment income (including interest) was \$17,212,000, a full 60 per cent drop on the figure of \$34,555,000 for 1974. This reduction is largely attributable to the substantial fall in dividend income received from ZCI.

### Engelhard Minerals & Chemicals Corporation Limited (EMC)

In the most successful year of its history, EMC increased net earnings during 1974 by a spectacular 109.8 per cent from \$2,511 million to \$11,016 million. Pre-tax earnings rose by \$11,807 million to \$19,790 million, an increase of 139.8 per cent. The major contributor to this record growth in earnings was the Phillips Brothers Division which markets a wide variety of ores, minerals and metals on an international scale. The company's other divisions also achieved higher profit levels than in 1973. The growth in profits has continued during 1975, and that EMC's net earnings during the six month period ended 30th June 1975 increased by \$7.68 million to \$59.88 million as compared with the corresponding period last year. However, the downturn in world wide mineral and metal prices combined with the depressed state of many western economies at the present time, may make it difficult to sustain this rate of growth in earnings.

### Trend Exploration Limited (TEL)

Total crude oil production during 1974 by the Indonesian Joint Venture in which TEL has a 27 per cent interest, was 11,740,000 barrels, an average of 30,000 barrels per day. In June last year, production reached a peak at 50,000 barrels per day but due to the termination of certain oil contracts combined with an increase in the Indonesian crude oil posted price and a general softening of world demand, declined substantially during the latter half of the year. The marketing situation has subsequently improved, and in January 1975, production once again reached 50,000 barrels per day. Production facilities are at present being expanded, and the present programme for the development of the fields and the construction of storage and delivery systems will result in a progressive increase in productive capacity to 100,000 barrels a day by the end of 1975. During 1974 TEL continued its search for oil and gas in both Canada and the U.S. The company participated in the drilling of 18 wells, which resulted in 12 oil wells, 2 gas wells and 4 abandonments. Further wells have been sunk during 1975, and the drilling programme is to be intensified.

### Zambia Copper Investments Limited (ZCI)

ZCI's net profit after tax fell by \$38.9 million to \$15.9 million in its year to June 1975, while dividends were reduced from 40 cents per share to 4 cents per share.

### Inspiration Consolidated Copper Company (ICC)

ICC's net earnings for the year ended 31st December 1974 of \$9,466 million, or \$3.92 per share compared with \$14,601 million or \$6.05 per share in 1973 were lower partly because of artificially low selling prices for copper imposed by the U.S. Cost of Living Council. In addition, production was affected in the third quarter of 1974 by a strike, and by difficulties experienced with new pollution control facilities.

A 25 per cent cut in production put into effect at the company's mines in February 1975 and the imposition of strict economies, were continued during the second quarter. Largely as a result of this, ICC has reported net income of \$208,000 or nine cents a share for the first six months of 1975, which compares with \$9.03 million for the same period the previous year.

### Prospecting

Total prospecting expenditure for the year to 30th June 1975 amounted to \$3.5 million, which has been charged against revenue. A prospecting reserve has been created this year out of capital reserves. As reported last year, the corporation assumed the mineral investigation and prospecting activities of the Anglo American Corporation and Charter Consolidated groups in various countries, and in certain of these investigations are being continued.

The corporation participates in the programmes of Australian Anglo American (AAA) and Ambras. Through its interest in Ambras, the corporation participates with other partners in base metal and gold exploration in Brazil. Ambras has a substantial interest in Unigeco Geologica e Mineracao S.A., which is conducting an extensive prospecting programme, centred on the auriferous conglomerates at Jacupira, in Bahia, where the results of preliminary exploration have justified an intensified drilling programme.

### Future Prospects

During the first six months of this year, the recession deepened and the volume of world trade actually fell marginally, following the largest decline in output and the highest unemployment rates in the western economies since World War II. The latest available economic indicators, however, appear to signal the end of the recession in the United States and suggest that the bottom of the recession has been passed in Japan, although there are as yet few signs of recovery in most European countries. It seems that there is some reason to hope that during the ensuing twelve months the western world may be set for a moderate economic upswing as major countries appear unwilling to allow output and employment to decline further.

Although inflation rates have been slowed down significantly, underlying inflationary pressures remain a serious problem. For this reason, the speed of the upturn is not expected to be great by the standards of previous recoveries. In the light of the inflationary problem, and in a world of floating exchange rates, there will be considerable challenges to governments to maintain growth without further aggravating inflation. A recovery in the demand for raw materials will first have to absorb excess stocks and apply pressure to surplus production capacity before a major advance in prices can be expected; but this may take place more rapidly than theoretical surplus capacities suggest. The world might indicate particularly in copper and zinc. While a dramatic recovery in the corporation's profits should not be anticipated during the coming financial year, it is envisaged that a steady increase in raw material prices, and the diversification policy pursued by your directors during past years, should contribute to a higher and more stable level of profits in the coming years.

Copies of this review and the report and accounts are obtainable from the London office of the company at 40 Holborn Viaduct EC1P 1AJ or from the office of the United Kingdom Transfer Secretaries, Chartered Consolidated Limited, P.O. Box 102, Charter House, Park Street, Ashford, Kent, TN24 8EL.

## WORLD TRADE NEWS

### FT TELECOMMUNICATIONS CONFERENCE

## 'Developing nations should share standard equipment'

BY CHRISTOPHER LORENZ

GENEVA, Sept. 30.

SHARED PRODUCTION of standard telecommunications equipment by developing countries on the lines of the Asian motor industry was advocated here today by Philippine spokesman.

In a paper presented on the opening day of a Financial Times-International Telecommunication Union (ITU) Conference on World Telecommunications, General Ceferino S. Carmona, chairman of the Philippines Board of Communications, described this "regional cooperation" as a way of meeting the problems of developing countries which could not support indigenous factories on their own.

The growth in local telecommunications production around the world, and its implications for the supplying countries, were also underlined by Mr. Bjorn Lundvall, president of L. M. Ericsson. But he gave a warning that the new phenomenon of continuing and uncurtailed inflation could seriously influence the growth of telephone business in coming years.

The forecast world need for an additional 320m. telephones over the next ten years, making a total of about 700m. by 1985, implied an annual investment in the voice network of \$40m. by 1985, compared with \$25m. in 1975.

That sounded very reassuring, but there were "the problems of real life" to be considered. Mr. Lundvall said, such as whether GDP growth could still be considered inevitable.

In addition, inflation in the labour costs of telephone administrations made "tariff increases actually necessary, but those would tend to dampen the demand for service."

The direct investments of multinational countries in developing nations were part of a "concrete, practical approach to technology transfer," Mr. Peter van der Meer, his company's chairman, told the conference. Such investments enhanced the export capability of many countries in Latin America and Asia, he said.

The importance to the developing countries of satellites was stressed by Mr. Robert X. Schwartz, corporate secretary of the Communications Satellite Corporation.

Mr. Walter Laksh, from the European Space Agency, forecast a number of new institutions to deal with the coming acceleration of satellite communications growth.

The concern of many speakers about whether enough capital would be available to realise the possible technical potential was reflected by Mr. Robert E. LaBlanc, a partner of Salomon Bros. It would cost an annual 2.3 per cent of worldwide GDP (or \$85bn.), he said, over the next 20 years to bring residential telephone penetration up to the North American level.

A more logical schedule would be to extend the period to 30 years, with the system being built up over a five-year period, and then business telephones over 10 years.

Mr. Bancoull Yapi, the Ivory Coast Director-General of Telecommunications, said his country's 1976-80 plan forecast an expenditure of CFA Frs.35bn. (\$7.6bn.).

## Automotive Product new gear for U.S.

By Peter Cartwright Correspondent

IN A substantial Leamington-based brake supplier, has port double to pr and Alfa Romeo, specialist car mal specially designed automatic gearbox market.

It has been a br engineering to ke compact enough to back of the trans front wheel drive unit measures only 11 inches deep and high technical in other car makers.

"With the major pean cars under having front-wheel drive the unit 1 potential" Mr. deputy chairman executive said.

Several years into the automatic ket with a unit fo land which fitter crankshaft of trans and was lubricated the spm in w

AP has also ta cant further step 2 design and insta hydraulically ope unit aimed at

especially w cable-operated clut other developments care market, where 60 international s operating in the helped to increase the first seven in year by 48 per c with 40 per cent now coming from.

Export Conty

GEORGE WARD is supplying 30.9 women's fashioes, £200,000 to Russia. EFD CONSULTAI Kent, will provide and supervisory s ing electrification growing towns in northern region of Oman.

VERGES & ROSEFIT Erith, Kent, will tional equipment to the National R tute of Eye Disease being built at Dok MEDELEC, Woldin

facture electromy strummentation for i investigations for ment, Tokyo. The raises export tax to £200,000 thus fa CRAVENS HOMAI

FIELD) will make road van refrigerat tainers for ESS-For Bacon Factories E tion, at a cost of £

Contracts Al

VILAY TANKS AN Bombay, will buil Pipeline Company tanks at Nairobi, turnkey basis, at the Industrial Developm India will give a Pipeline Company of the materials, t o that kind by financing institu balance will be ft Pipeline Company, will hold refin p the Mombasa rethe ADRIAN VOLKIA

lands, will handle t land reclamation in Two. Two of port on the Eastt peninsular Malaysi Third phase was tenders early this tenders for the four phase will be called I. The port, expected, by 1979, to serve t agriculture, and hinterland of the Pahang, Trengganu tan.

## Extended credit may help Japan secure some Hong Kong underground orders

BY PETER DUMINY

TOKYO, Sept. 30.

JAPAN'S CHANCES of landing contracts in the \$1.2bn. Hong Kong underground railway construction project have been improved by Export-Import Bank decisions. It says that the bank has agreed to back the Hong Kong Mass Transit Railway Authority.

Local tenders will now qualify to the extent that they have a "yen content", that is, they are not solely domestic to Hong Kong in their supply implications.

The Hong Kong government was earlier reported to be looking for up to 20 years credit from Japan and to be exploring the availability of up to \$400m. at a cost of 7 1/2 per cent.

Kamagui-Gumi, one of the construction hopefuls, says the effective ceiling on the amount of yen credits will be the contracts awarded to Japanese companies and the subsidies. However, the bank has not budgeted interest rates and is quoting 8 1/2 per cent for its contributions.

Apart from official sources of finance, Japanese banks may put up \$80m. of a \$400m. syndicated

loan, according to the Nikkan Kogyo newspaper. It reports that banks have been approached by Manufacturers Hanover, which is putting this package together, and that while Japanese banks have not been allowed to subscribe to offshore loans for the past 18 months, the Ministry of Finance is likely to make an exception in this case.

The report adds that bankers' interest in the loan stems from their wish to support Japanese industry's attempts to land piecemeal contracts in the project, for which a Mitsubishi-led consortium at one time had a \$1bn. blanket deal lined up. That fell through in January, however, after the two sides failed to agree on adjustments for inflation.

Mitsubishi Electric said today that specifications were not helpful to the Japanese tenderer, being obviously based on British transport systems. But apart from an ultra-modern ventilation and air conditioning system, the requirements were fairly conventional and there should be no difficulty in meeting the tendering deadline.

## India changes Mathura refinery plan

BY K. K. SHARMA

NEW DELHI, Sept. 30.

A 6m. tonne refinery to be erected at Mathura, in Uttar Pradesh State, will process crude in a 1,200km pipeline. A branch from the rich Bombay high oil, shore region. It has now been decided. This has meant alterations in the design of the refinery.

The construction programme has since it will be the country's been rescheduled to commission largest single pipeline. The in 1980 rather than in mid-1978. Indian Oil Corporation will in-

The refinery was earlier stall a single buoy mooring off planned to process Iraqi crude. Salaya for the purpose.

A contract to supply equip- 11m. test over a twelve period. This will still be Mathura Refinery has been final- imported, but will be refined in ised by an Indian oil team with the Koyali and other refineries.

Bombay high crude will be taken to the shore terminal to be constructed at Salaya, in the Mathura project is rupees 1.5bn.

## NORWAY ORDERS E. GERMAN SHIPS

By Fay Gjester

OSLO, Sept. 30.

THREE Norwegian shipping companies have ordered four semi-container ships of 12,750 deadweight tons each from the East German Neptun Werft yard, Rostock. The companies are Oslo-shippowner Mr. Lars Rej and two West Norwegian companies Richard Amle, Haugesund, and Solstads Rederi, Skudeneshavn.

Two of the three have previously ordered ships from the Rostock yard. Solstads took delivery from Neptun last April of a ship of the same type as the four now ordered, but of slightly smaller. Johansen has seven 8,000 dwt semi-container ships on order with the yard, the first of which is scheduled for delivery at the end of October.

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### IN BRIEF

#### Qattara project

Lahneyer International, West Germany, is to make a feasibility study of the Qattara Depression project, a \$1,350m. hydro-electric scheme in the Western desert of Egypt. The study will take two to three years, and the West German government has given Egypt a \$4.5m. grant to help finance it. It involves digging a 50-mile canal from the Mediterranean to the Depression, which is 446 feet below sea level. Water from the canal would drive turbines to produce 8,000 MW a year by the late 1980s.

#### Japan's car exports

Japan's vehicle exports in August at 213,129 units were worth \$563m., including parts, and were 8.6 per cent below year earlier. The total included 149,830 cars, a 14.1 per cent rise on 1974, with Europe taking 52,059 units (up 27.7 per cent.), North America 69,323 units (down 24.5 per cent.) and the Middle East 21,193 units (up 8.6 per cent.). Britain imported 12,687 cars, a 3.9 per cent fall.

Motor-cycle shipments of 247,335 units were 19 per cent below 1974, and were valued at \$108m., a 22.1 per cent decline.

Fiat car prices up

Fiat, whose Turin management does not expect a general recovery in the car industry before 1977, has extended the 7 per cent and 8 per cent price increases in Italy and domestic car prices on some models, just announced, to the rest of the car range, with immediate effect. Imbalance between costs and sales returns and the pending renegotiation of the three-year metalworkers' labour contract are cited as reasons.

Irish venture

Fieldcrest Mills, New York, is to build a \$15m. plant to produce towelling at Kilkenny, Ireland, with grant assistance from the Irish Industrial Development Authority. Recent test marketing in Europe has convinced Fieldcrest of the sales potential of the area. At full production there will be employment for 1,200.

Technology for Malaysia Exhibition, Kuala Lumpur (April 5-12, 1976), and 112 companies have made firm bookings, with 55 per cent of the space taken. Sectors offering particular scope include construction, plant and equipment, plastics, working machinery, medical, hospital and laboratory scientific equipment, food processing machinery, and electronic and telecommunications equipment.

Space is still available at Interclima, Paris (June 10-16, 1976), the heating and air-conditioning show. Deadline for Exhibitor companies to participate is October 25. Since first staged in 1972, the show has grown significantly in size.

Exhibitions

J. Compton Sons and Webb, uniform manufacturers, is holding an exhibition and conference at Cologne (October 15) to publicise the group's activities to a wide range of Continental organisations issuing uniforms. Specialist exhibits include fireproof and abrasion-resistant fabrics.

An exhibition of equipment and components for the electro-optics industry is being held in conjunction with the European Electro-Optics Conference when it returns to its first home at Geneva Exhibition Centre (October 5-9, 1976). There will be a joint British-French venture under the aegis of the Scientific Instrument Research Association.

British Overseas Trade Board is sponsoring the all-British

## wiggins group

WIGGINS CONSTRUCT LIMITED

Another difficult year

Salient points from the circulated statement of the Chairman, Mr. Cyril C. Wiggins, F.I.O.B.:-

Despite an exceptionally difficult year for the Construction Industry the Group profit for the year to 31st March 1975 was £159,472 (£265,968) after adjustment for minority interests.

Contract work has continued to our general satisfaction and the increased volume should show a somewhat margin above overheads. The Group has a full order book exceeding previous years.

We maintained our share of the private housing market which reflects well on our sales section.

The Group has a satisfactory land bank but we are keen to open up suitable land acquisitions.

In spite of an increase in turnover of over £2 million, loan indebtedness is over £500,000 less.

Board propose a final dividend of 0.637p per share making a total for the year of 1.2495p per share (same).



## Verish bids to rescue NYC

## £25,000 offer 'to kill Ford'

## The sub-culture of the pipe bomb

# Post Office Telecommunications



## Hongkong Land:

## Half year profits maintained.

**HK\$1,200 million new developments in progress.**

## Interim Results

Consolidated Group profits after tax for the six months to 30 June 1975 are £6.9 million (£6.7 million in 1974). Year end profits should be as high as last year's record figure.

An Interim Dividend of 1.0p per share has been declared, payable on 28 November 1975 to shareholders registered on 18 November.

New Developments in progress in which the Group is involved will total on completion in excess of £116 million. Approximately half this amount is Hongkong Land's ultimate interest in the projects. They are all on schedule and will contribute substantially to earnings in the years ahead, some beginning to contribute during 1976.

The projects include The World Trade Centre - Hong Kong, (45% owned), Alexandra House, Manila Mandarin (30%), Jakarta Mandarin (40%), Oriental Hotel Bangkok new wing (49%), Branksome's 94 flats, an office building in Jakarta (40%), Pokfulam high-density residential project, Dairy Farm group's new supermarkets and cold store in Hong Kong, and Fitzpatrick's Jurong warehouse and food processing complex.

D. K. Newbigging Chairman  
30 September 1975

## Half Year Results

Six months: January/June

	1975 £	1974 £
Group Profit after Taxation (unaudited)	6,870,000	6,680,000
Interim Dividend	4,640,000	4,640,000
Earnings per share	1.43p	1.39p
Interim Dividend per share	1.00p	1.00p

All above currency conversions from HK\$ made at rate ruling end September 1975

The Hongkong Land Company Ltd  
Gloucester Building, Hong Kong

The World Trade Centre - Hong Kong.  
Phase One containing 26 floors of offices and South-East Asia's largest convention complex was completed in September. The project will be finished in December 1975, and adjoins the 31% owned Excelsior Hotel.

# International finance? Talk to Rheinland-Pfalz, the "Crossroads bank"

We are at the Crossroads of the German economy, in the expanding Rhein-Main commercial complex with its many advantages for international trade.

Landesbank Rheinland-Pfalz offers the services you'd expect from a large internationally respected all purpose bank (assets over DM 14 billion). Our speciality, however, is corporate finance and large, long-term loans.

We also have an active domestic issues business, which has allowed us to build up a stable but highly effective placement capacity for international issues and underwriting business.

And we are financially strong. We are backed by the state and by the 45 savings banks of Rheinland-

Pfalz, for whom we are also the central bank.

We hold participating shares in banks in financial centres on the Continent

and in the Far East, ensuring that we can help you wherever your interests are.

Talk to us. You'll find a dependable, flexible team at your service.

Ask for more information about us and how we might help you. Today.

Our telex number is 4 187 885.

And if you should want to drop in personally we're only 18 minutes from Frankfurt International Airport. At the Crossroads.

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## EUROPEAN NEWS

## UK-French defence talks in London

By Malcolm Rutherford,  
Diplomatic Correspondent

THE FRENCH Defence Minister, M Yvon Bourges, will have talks in London with his British counterpart, Mr. Roy Mason, on October 13-14. It will be the first exchange of this kind with a French Defence Minister since the Labour Government took office in March 1974 and deliberately eschewed any suggestion of a special Anglo-French defence relationship.

The talks will take place three weeks before the Defence Ministers of the ten-nation Eurogroup are due to hold a special meeting in the Hague on defence procurement and standardisation. The Hague meeting is now set for November 5.

France is not a member of the Eurogroup 1974 has so far firmly declined all invitations to join. Recently, however, there has been talk of French co-operation in defence procurement if the group could somehow be reconstituted.

The Eurogroup meeting will seek to formulate specific proposals to put to the Americans on the establishment of a two-way trade in arms deals between Europe and the U.S. The subject is being discussed with Dr. James Schlesinger, the U.S. Defence Secretary, during his current visit to Europe. Dr. Schlesinger was in London last week, in Bonn at the week-end and is at present in Paris.

## Norway raises newspaper prices

By Fay Gjester

OSLO, Sept. 30. THE NEWS-STAND price of many Norwegian newspapers will rise to-morrow - in most cases from Kr.1.75 per copy to Kr.2.00 (£1 = Kr.11.8).

Subscription rates are also to rise for most papers, effective January 1, and advertising space will also become dearer.

The Government recently decided to exempt newspapers from its four-months price freeze, due to last until the end of this year.

## Institute predicts business revival for W. German

BY NICHOLAS COLCHESTER

BONN.

WEST GERMAN manufacturing industry expects an upturn in business next year and plans to put an end to the decline in real capital investment that has continued since 1971, according to an extensive poll carried out by the respected IFO Institute. Yet the results also make clear that the expected increase in turnover is highly dependent on growth in export sales and that it will not prevent German industry from shedding more of its workforce in 1976.

The IFO survey, "prognose 100" is perhaps the most important study of German industry's expectations and intentions that is carried out on a regular basis. The last such exercise was undertaken in November/December 1974 and its results were a much better guide to the dispiriting economic situation than were forecasts from officialdom and from economic institutes circulating investment orders by German industry could rise by 10 per cent, promising corresponding investment expenditure in the following year.

The IFO findings show industry employment on average to be 12 per cent, nominal increase in export sales and 8 per cent in home sales. Capital investment, or the lack of it, is currently the greatest worry of German politicians. The IFO with the 9 per cent turnover, industry will shed a further 1 per cent of its workforce. The IFO's summary of findings shows an underlying feeling in industry with the contribution expected to increase in export to 10 per cent of German manufacturing industry's export demand will be met. The poll shows, says industry is going in "some confidence". The outlook and export the big companies climate for an recovery.

## Luns attacks Dutch defence

BY MICHAEL VAN OS

AMSTERDAM

HOLLAND'S proposed defence cuts for next year, almost exclusively in the Navy, have been described as "irresponsible" and "totally unacceptable" by the Secretary-General of Nato, Dr. Joseph Luns.

He said in a television interview late last night that the Dutch demand, which aims at an annual savings of some Fls.250m. over the next few years, could create a "dangerous precedent" within Nato, where there were a number of members with more serious economic problems which had nevertheless maintained their defence expenditure. Warning of a domino effect, Luns said he intended to pressure that could be mounted on governments in member countries "by the same forces that advocated defence expenditure cutbacks in Holland."

The Nato Secretary-General, who was formerly Dutch Foreign Minister for many years, said in the interview that the Dutch Government had blatantly broken earlier promises on defence with the demanded new cuts. Dr. Luns added that Nato's defence planning committee had meanwhile informed the Dutch Government of its great concern over the proposed cuts. "They have come as a complete surprise for us. At the moment one can hardly say that there are consultations in progress with the Dutch Government. We're more or less presented with a fait accompli," he added.

Rejecting the economic necessity for the Dutch defence cuts, Dr. Luns said Holland should not depend for example on the U.S. taking over the burden, as that country was already bearing much more than its European allies on defence. "In Holland, defence is obviously a low priority if one looks at the great increase in foreign development expenditure in next year's budget," he said.

Asked about the current progress of detente, Dr. Luns did not believe that the Union had aggressive capacity and would "shape the future," he added.

Dr. Luns remarked in an interview that Dutch defence effort about halved in the 1950s or so in which time forces had become expensive in the war of population as a high wages paid to them. Earlier this month, difficulties at the moment of the Defence Hague when a Neptune aircraft flew in protest in protest planned cuts which the squadron. After the visit to the Netherlands, an officer of information service been aware of the plan and who had informed and not his superior removed from his post.

## IATA plans 8% fares increase

BY MICHAEL DONNE

OSLO, Sept. 30.

AIR FARES and cargo rates throughout the world will rise by about 3 per cent from December 1 if a plan now being drawn up by the International Air Transport Association, is finally adopted by all its members and approved by their governments.

The rise is aimed directly at meeting the cost to the airlines of the recent 10 per cent rise in crude oil prices.

The proposal for the increase, which is additional to other fare rises already in the pipeline for introduction later this year, was taken by the Traffic Committee of the IATA, representing a number of the biggest airlines in the world.

The traffic committee's recommendation, however, still has to go for final approval to all the 112 member airlines of the Association, and if they approve, the plan will still have to surmount the hurdle of government approvals.

But in the light of the world air transport industry's current situation, few airline representatives doubt that those government approvals will be forthcoming.

The airlines are deliberately trying to keep their fares at the lowest possible level for fear of driving away traffic at a time of industrial recession.

It is pointed out in the airline industry that while there have been substantial rises in fares over the past two years, these have not entirely offset the rises in fuel costs that have taken and as a result the airlines generally are suffering substantial losses.

Fuel now accounts for 30 per cent of the airlines' operating expenses. It is estimated that in the current financial year the airlines collectively throughout the world will pay about \$4.3bn. for their fuel, or about \$3bn. more than they paid in mid-1973. Subsidies have risen from 7.5bn. gallons a year to just over 9bn. gallons.

## EEC reaches textile deal

BY DAVID CURRY

BRUSSELS Sept. 30.

THE COMMON Market has reached agreement with Singapore and Macao on the regime over textile imports from these two countries in the three years to the end of 1977. Both are relatively small-scale producers in comparison with the three major Far East textile producers - Hong Kong, Taiwan and South Korea.

In the case of both Singapore and Macao quantitative limits have been placed on exports of trousers and jeans to the EEC as a whole. In addition, there are controls on the sale of specific items to particular EEC countries.

These cover essentially cotton fabrics, shirts and pullovers and Macao on the regime over textile imports from these two countries in the three years to the end of 1977. Both are relatively small-scale producers in comparison with the three major Far East textile producers - Hong Kong, Taiwan and South Korea.

The Community now has only South Korea to settle with before it has wrapped up negotiations. Once Korea has settled it will be preoccupied with the regime for Latin American exporters, also under the aegis of the GATT multi-fibre agreement.

## EEC coal investment jumps

BY DAVID CURRY

BRUSSELS, Sept. 30.

David Curry adds from Brussels: there has been a considerable jump in investment in the EEC coal industry according to the Brussels Commission, which estimates that investment is now approaching the volume required to halt the contraction in the industry.

Figures contained in a study of coal and steel industry investment show that investment in Germany, France, Belgium and the U.K. in 1975 is expected to reach some 514m. mts of account (£250m.) against 324m. units in 1974 and 267m. units in 1973. The major commitments are from Germany with 234m. units this year and the U.K. with 246m. units. The 1975 figures represent investment of just over £1 per tonne of production.

The Commission also sees stabilisation in the potential output of the EEC's pits between 1975 and 1978 at around 264m. tonnes provided that new open-cast capacity is introduced to offset the decline of some 4m. tonnes expected from deep pits. It also expects deferments of closure programmes for uneconomic pits.

## SWISS EXPORT RISK FUND

By John Wicks

ZURICH, Sept. 30.

Compensation paid to Swiss exporters last year by the Export Risk Guarantee Fund totalled Sw.Fr.22.5m. (£4.07m.), a rise of Sw.Fr.7.3m. (£1.3m.) above 1973. Fees income almost doubled, however, to Sw.Fr.52.1m. (£9.28m.), against Sw.Fr.28.4m. (£5.1m.) more than covering all claims. The Government did not have to provide any compensation.

Since the fund was formed in 1934, claims have always been paid for from reserves, which have now reached Sw.Fr.188m. (£33.75m.).

## Yugoslav PM visits China

By Paul Lendvai

VIENNA

THE YUGOSLAV Prime Minister, Djindjic, left for what is described as an official and friendly visit to China last night. This is the first visit ever paid by a Yugoslav Premier to China since the establishment of diplomatic relations in 1958.

Mr. Djindjic had a long, which included Foreign Trade Minister, number of high officials to Hanoi in a return visit to North Vietnam. Mr. Van Dong visited Yugoslavia after China's delegation will also be working visits to India and Singapore.

The visit to Peking with an all out anti-Corruption campaign, Soviet bloc media, Romania, and also will that a long-overdue visit to Belgrade, planned already for 1974, has once again postponed. Chinese-Yugoslav relations have improved since 1974, has once again postponed. Chinese-Yugoslav relations have improved since 1974, has once again postponed. Chinese-Yugoslav relations have improved since 1974, has once again postponed.

## Zaire, Belg to start talks on takeovers

By David Curry

BRUSSELS, 30

TALKS between Zaire and Belgium are to get under way in November after a pension to be paid for assets brought under control. This is the main reason for the Belgian Prime Minister, Leo Tindemans, who completed a ministerial visit to Zaire. The Belgians are very anxious to get control officially back on to the relations between countries.

The discussions will take place in the framework of a Belgo-Zaire commission, working party of the Council, to tackle economic, industrial assistance for well as discussing stabilising commodity particularly of copper in Zaire heavily depends.

هكذا من الناحية



EUROPEAN NEWS

ONSHORE AND OFFSHORE SECURITY

Defending all that oil, coal and fish

BY DAVID BUCHAN, RECENTLY IN OSLO

A Norwegian by the simple fact that the Nimitz was declared too big to fit into Oslo Fjord.

But Norway, though a full member of NATO, does not allow foreign troops or nuclear weapons on its soil in peace time, an assurance which was given to the Soviet Union when Norway joined the alliance. Successive Nato commanders (who have always been British generals) of the Northern Europe Command have often pointed out that this restriction also puts front line. As the offshore oil and gas fields in the North Sea should make alive to Russian weapons and Nato reinforcements in the North Sea.

course in Norway is often misinterpreted. Two events aptly illustrate the point. In the week Norway was warned by the Russians to withdraw its 50-mile diameter missile testing range in the Barents Sea (which is a Norwegian sea) and the Russian missile testing range in the Barents Sea (which is a Norwegian sea) and the Russian missile testing range in the Barents Sea (which is a Norwegian sea).

The first is the growing importance of the Barents Sea area to the Soviet Union. This has been to some extent overshadowed in the public mind by the steady spread of Russian nuclear-powered submarines westwards towards the Iceland-Faroes-Scotland line. But as the Russians have fitted more long-range missiles (4,000 miles or longer) to their latest Delta class submarines, so they have been able to take up firing positions further and further east. Second, the Russians are now using their inland canals to get ships, of the corvette size, and smaller submarines from the more sophisticated Baltic shipyards to Murmansk, thus avoiding the Danish straits bottleneck.

The danger that Norway faces is not from the Russian strategic nuclear force, but from the growing Russian infantry and amphibious capability. As Admiral R. L. Godoe, the Norwegian chief of defence, concedes the only troops that Norway's foreign policy allows it to count on for immediate reinforcement are from the country's populated south.

Given that Norway has only a few heavy transport aircraft, it has been concentrating on the "pre-stocking" of heavy equipment in the north for troops based in the south. The new system was given its first major trial this month when a reserve brigade was mobilised in the Oslo area, sent north to Baardufoss, equipped, and "successfully" carried out a complex exercise in appalling weather conditions according to General Sir John Sharp, the present Nato commander.

In war Norway is supposed to get reinforcements from the U.S., Canada, and Britain. From the first two of these countries at least, pre-stocking would help compensate for distance, just as the U.S. does in West Germany. But though Nato commanders are still hopeful that this may happen, it hasn't yet. The problem is not that Norway is politically sensitive about holding allied equipment in peace-time, but simply the cost to Nato countries of having to supply two sets of equipment for the same troops.

But it is matters of oil, coal and fish that are troubling Norwegians these days as much as all the polysyllabic jargon about weaponry. Norway has been trying for some six years to interest the Russians in discussions about how to divide up the continental shelf in the Barents Sea—partly out of a very Norwegian sense of tidiness, but mainly because they want a clear boundary before any offshore oil is discovered there. They have had some success in that talks were held last November and there is to be a second round early this December. The respective positions, however, appear far apart.

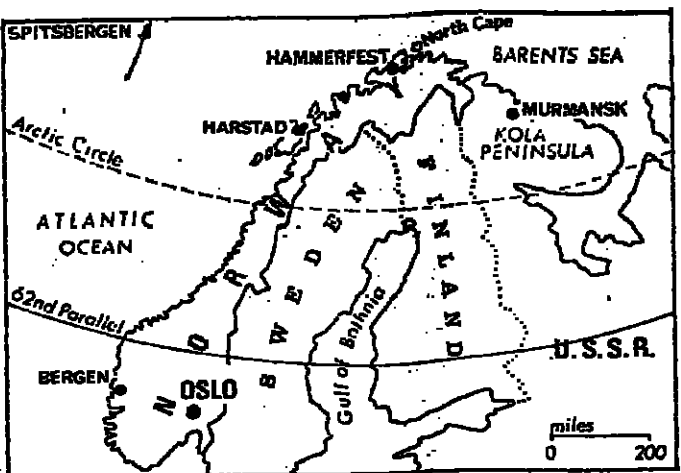
Norway cites international law on continental shelves as laying down that the median line should be followed in the Barents Sea, while the Russians appear to favour the sector principle, which would simply consist of drawing a line from the westernmost point of the Soviet Union north towards the North Pole. The actual difference in sea area produced by the two methods is no mere quibble: 155,000 square kilometres, half the size of mainland Norway, or the whole size of the Norwegian continental shelf in the North Sea. To back their case the Russians cite two major "special circumstances"—that their Kola Peninsula is a great deal more populous and economically developed than neighbouring Finnmark (which is the Norwegian province that borders on the Soviet Union), and that the area is strategically vital to them.

This last point Norway has already conceded in many ways. It keeps its forces largely out of Finnmark, and, for instance, does not allow Nato aircraft overflying rights east of Hammerfest. There has been no oil drilling north of the 62nd parallel, which is the northern limit of oil sector divisions in the North Sea. When there is, Norwegian companies will be taking the major role. Statoil is to start some drilling in areas north-west of Harstad and Hammerfest in 1977 or 1978.

The coal question centres on Spitzbergen. But first there is a legal problem in the islands, which by a 1920 treaty are now decided to increase the Norwegian sovereign territory, although they may never be militarised and Norway is bound to let all the signatory powers (which include the U.S., Britain, the Soviet Union and, interestingly, China) have equal access to the islands' resources. There is the question of whether Spitzbergen has a continental shelf. Norway says no, and that it is merely a continuation of the general Norwegian continental shelf from the mainland. Others are not so sure. Britain, the U.S. and the Soviet Union have all reserved their positions. Norwegian officials see nothing sinister in the British and American positions—stands they believe, taken just to gain time for further study. But the Norwegians are sure that the Russians are after something more—a sort of condominium with Norway over the continental shelf.

Both countries mine coal in the archipelago—the Russians with 2,000 miners and the Norwegians with just 1,000. The size of the Russian contingent may be a reflection of poor productivity (twice the number of Russians extract the same amount of coal as the Norwegians do) or there may be other reasons. In any case the Russians pay scant regard to Norwegian rules on the islands. The Norwegians had to object formally in August at the extent of Russian air traffic into the new Spitzbergen airport. The Government in Oslo has stepped on Russian corns.

As for fishing, Norway is now planning to compress its negotiations to try to establish agreement on a 200-mile fishing zone to coincide with an International Conference on the Law of the Sea recommendation to that effect, and not attempt to establish a 50-mile interim zone first. The trawler-free zones are, in any case, already in being. If and when the 200-mile zone is set, Norway will have vast offshore areas (including the oil rigs) to police. It is planning a much more comprehensive force than the few fast tugboats that Britain is preparing. A government commission recommended in June a mixed force of 10 ships of 2,000 tons and 27 knots, some helicopters and naval reconnaissance aircraft. If this is finally approved by the Storting, it will be operated by the Navy (an entirely separate coastguard structure, as in the U.S., was considered too expensive), but only as a "civilian police force" in peace time. This "police" label may seem hairsplitting. But it makes sense to the Norwegians who are practised in avoiding stepping on Russian corns.



den proposes  
cal industrial  
ocracy plan

M DUFFLORCE STOCKHOLM, Sept. 30.

on industrial the announcement of a difference.

rat Party plans to a Swedish Parliament will be placed on the employer, that is, he must negotiate in advance with the unions even on matters not covered by the co-determination agreements.

The union has the right to demand from the employer full information about company affairs. If union representatives refuse to accept the employer's demand for secrecy, it will be for him to take the issue to the labour court.

Mr. Bengtsson hopes the new law will be effective from the beginning of 1977. He also promised greater influence for state employees and local authority workers "but not at the expense of political democracy."

Mr. Curt Steffen Giesecke, managing-director of the Employers' Association, commented that the proposed law showed "an astounding lack of comprehension of the need for quick decisions and efficiency in company management."

It also ignored current questions such as the growing number of illegal strikes and the problem of getting individual workers to feel responsibility for the agreements made in their name. Mr. Bengtsson has refused to legislate for heavier sanctions against wildcat strikers, who currently face a maximum fine of S.Kr.250 (£12).

Mr. Giesecke also objected strongly to the provision allowing unions to take industrial action over co-determination issues even after a collective wage agreement had been reached. "The employers would not dream of making an agreement in which the question of labour peace remained opened," he said.

dispute arises over ation of a collective under existing rules, er's interpretation visionally, until a as been negotiated the labour court has a verdict. Under the union's inter- ill prevail in the ill issues concerning sation and co-deter- The union view will over wage issues, employer calls for within ten days of

terland may have  
payments surplus

WICKS ZURICH, Sept. 30.

AND could have a capital income balance ought to show about the same surplus as last year. At the same time, considerably less money will have been transferred out of the country due to the decline in the number of foreign workers.

Belgium extends  
price freeze by  
three months

BRUSSELS, Sept. 30.

THE BELGIAN Government decided to extend the country's five-month-old partial price freeze by another three months and to ease conditions for instalment buying and personal loans in an effort to slow down inflation and to stimulate private consumption.

The decrees, published in Tuesday's official government bulletin, extended the price freeze which would have run out by the end of September until December 31.

The Government also decided to reduce the mandatory down-payment on instalment buying to 15 per cent, from 20 per cent, before and extended the repayment period for such purchases to 30 months from 24 months.

The price freeze does not affect farm produce for which a Common Market price regulation exists and also excludes a number of electrical household appliances.

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## OVERSEAS NEWS

# Thai Cabinet starts emergency session after threat of split

BY OUR OWN CORRESPONDENT BANGKOK, Sept. 30.

THE THAI Cabinet went into an emergency session today to confront the worst political crisis in the six-month history of Prime Minister Kukrit Pramoj's delicately poised coalition government.

The crisis erupted when Agricultural Minister Tavich Khonthum delivered an ultimatum to the Prime Minister threatening to withdraw his Social Justice Party's critical support unless the Defence portfolio is removed from the hands of the Deputy Prime Minister, Major-General Pramarn Adireckson by October 2.

Behind the move is a sharp struggle between two prominent generals—the retiring Acting Supreme Commander, Kris Savara and Major-General Pramarn—for political control over the armed forces which, despite the country's new democratic constitution, still play a vital role in Thai politics.

An open confrontation between the two Generals broke out over a routine list of armed forces appointments drawn up by General Kris as Supreme Commander. Most observers read into the list an attempt by Kris to preserve his strong influence over the armed forces after retirement at the end of the month, when many expect him to move openly into politics.

However, Major General Pramarn asserted his constitutional right as Defence Minister in

Kukrit's Cabinet to make changes in the Kris list of nominees. Murmurs of a coup increased from Kris supporters as many of Pramarn's changes remained, even after an attempt by Prime Minister Kukrit to find a suitable compromise.

Kris is thought to have retaliated through his supporters in the Social Justice Party, a major coalition party. Their leader Tavich demanded that the Defence portfolio be removed from Major General Pramarn by October 2 on threat of withdrawing the party from the Government.

Many observers think there is a large element of bluff in Tavich's posturing, since he does not have the full support of his party. Prime Minister Kukrit has declared he will not be "blackmailed". However, with sabres rattling, more audibly in the wings, will take all of the Prime Minister's superb political skills to manage this crisis without provoking the Army.

There is increasing discontent in the Army over civil disorders, strikes and the increasing level of Communist insurgency. Although reliable sources claim the Americans have warned they will cut off military aid in the event of a coup, the threat of a military takeover is even present in Thailand's turbulent and dramatic Parliamentary experiment.

## Emergency in Ethiopia

BY OUR OWN CORRESPONDENT ADDIS ABABA, Sept. 30.

ETHIOPIA'S Provisional Military Government today declared a State of Emergency in efforts to contain a deepening political crisis triggered by strikes which have hit transport, banks, petrol stations and some sectors of the food processing industry.

The strikes follow the shooting of seven Ethiopian Airlines workers last week for distributing subversive literature. Such subversive literature, the radio said, would be dealt with under the terms of a national declaration of the Ethiopian Revolution.

The capital was quiet but security forces have been given tense in the early evening.

## Britain pleads for ANC unity

BY OUR OWN CORRESPONDENT

UNITED NATIONS, Sept. 30. Africans would play into Mr. Ian Smith's hands "by failing to return to and re-unite the unity which they established in Lusaka last December."

Mr. Richard said Britain joined "with all the urgency it can command" in the appeal made by the African Presidents of Tanzania, Zambia, Mozambique and Botswana on September 14 to the ANC to be realistic.

## THE OPEC PRICE RISE

# What's in it for the producers

BY RICHARD JOHNS, MIDDLE EAST EDITOR

THE "HAWKISH" stance taken by Iran at last week's Organisation of Petroleum Exporting Countries on the size of the next oil price rise was something of a surprise to many.

With the wisdom of hindsight, however, one can say that a clear warning was delivered by the Shah as early as July 27 when he told a Kuwaiti newspaper that his country was facing a \$4bn deficit in the present year—apparently referring to the Iranian fiscal one which ends March 20 next year. It seems clear that this was something of an exaggeration designed to set the scene for and justify the kind of 20 per cent hike sought by Tehran.

In the first half of 1975 Iran's foreign reserves went up from \$8.33bn to \$9.65bn and with \$900m-\$1bn in prospect as a result of the 10 per cent barrel basic increment its payments should be more or less in balance for the year—although State agencies may resort to the market for loans.

Nevertheless, like other producers, Iran has been pinched by the rapid inflation in the costs of imports and lower production resulting from the worldwide economic recession caused by five-fold escalation in oil prices between October 1973 and December 1974. In itself the greater availability of revenue has raised expectations of the OPEC members, which on average more than doubled their immediate expenditure targets and showed a capacity for absorbing more goods and services in terms of volume than had been anticipated.

The U.S. Treasury's latest projections indicate the combined current account surplus falling from an estimated \$59bn (the figure was probably lower) in

1974 to \$46bn this year, a calculation which apparently allowed for a \$1.15 per barrel increase for the last quarter. In the final outcome the 1975 figure may be lower with the 10 per cent increment being more than subsumed next year in all 13 countries by higher imports and inflation despite the marginal increase in production expected in 1976.

Last year's total OPEC revenue (including payments carried into the first quarter of 1975) amounted to \$102.4bn and a collective surplus probably more in the region of \$53.4bn. was generated (when service payments are taken fully into account) according to an unpublished study done within the oil industry. This was achieved from an average production of 30.7m barrels a day: a level which will not be maintained in 1975. During the first six months the output of the 13 members was down 17.1 per cent, compared with 1974, at 26.0m b/d. In July it edged up to 27.5m, and in August almost to 29m, largely as a result of restocking. In the last four months the rate may creep up further. But for the year as a whole OPEC members seem unlikely to produce much more than 90 per cent of 1974 output.

Higher average per barrel revenue, resulting from the various increases imposed by OPEC in the second half of 1974 and the latest 10 per cent hike for the October-December quarter would only cover about half the decline in output. In addition, the quality and freight differentials by such producers as Libya, Iraq and the United Arab Emirates, as well as greater domestic consumption of products, will have further sliced the revenue cake. Against this one must set a loss of purchasing power from the inflation in the cost of imports, which have also

risen substantially in absolute terms, and the depreciation of the dollar from the autumn of last year to this summer. On both counts this has been put by OPEC experts, who presumably calculated the very maximum to strengthen the argument for an optimum price increase of 42 per cent for 1974 and at 30 per cent in 1975.

## KISSINGER CO-OPERATION PLEA

NEW YORK, Sept. 30.

U.S. Secretary of State, Henry Kissinger, addressing Arab foreign ministers and senior Arab officials at a dinner, said there is a need for oil producers and consumers to co-operate and link economies on equitable terms. He said that

the U.S. looked forward to the forthcoming producer-consumer conference when the issues will be worked out. Dr. Kissinger said consumers and producers are natural partners, not adversaries. Reuter

for the first three-quarters of 1975.

The OPEC economists, however, have been ready enough to admit that the different stages of development of OPEC countries and varying trade patterns make it difficult to find common denominators on which to make generalisations and recommendations about inflation and the indexation of prices. And within the global figures of production, revenue and surpluses there are the widely differing requirements of the producers that, to a great extent, explained the positions taken on the price issue by the more important and articulate member-states at the conference in Vienna last week. There were notable exceptions—namely Algeria—but the general line-up in no small measure reflected the circumstances of the 13.

Saudi Arabia's policy of moderation is, of course, based upon its realisation of the damage which yet bigger oil import bills could do the industrialised countries of the West

was responsible for two-fifths of the combined surplus. Its production was down 16.3 per cent in the first eight months, but despite its commitment to maintain the level of spending at home and abroad, the Kingdom's gold and foreign exchange reserves continued to accumulate, rising from \$14.2bn to \$20.4bn in the first half of this year.

The prospect is that in 1976 it will account for well over half of a substantially reduced combined OPEC surplus. At the same time, it was no accident within the context of financial resources and requirements of members—that Saudi Arabia's two, albeit wavering allies at the outset of the OPEC conference were the United Arab Emirates (Abu Dhabi) and Kuwait, the two other producers which (Qatar apart) seem certain to show a healthy, although reduced surplus this year.

With production down in the first eight months of this year by 20 per cent and the erosion of its oil revenues by inflation

Kuwait's surplus will be less than half that recorded in the financial year 1974-75 of some \$55bn (after aid disbursements) but nevertheless still a very substantial one. Having early this year been shocked by a drastic drop in its oil production levels Abu Dhabi cut the gravity and sulphur premiums on its crude with the result that average output this year (11 per cent down up to the end of August) should not suffer much over the full year. However, its excess revenue (before aid disbursements) may be only half the \$2bn recorded in 1974.

At the other extreme in the camp of the price militants Libya, spending freely on arms and development has undoubtedly felt the squeeze most acutely. Alone of the bigger oil producers figuring in the IMF's monthly bulletin of statistics, this North African producer recorded a significant drop in its gold and foreign exchange reserves from \$3.6bn at the end of the year to \$2.3bn by mid-1975 when it had trimmed its selling prices according to market conditions. Iraq's had dipped marginally from \$2.9bn at the close of 1974 to \$2.5bn at the end of May, hardly a reassuring sum given the country's driving development ambitions.

In the face of pressure to increase revenue Iraq has succeeded in raising output by some 20 per cent, but only through adjusting downward the pre-1975 rates on its East Mediterranean short-haul crude. While the reserves of Nigeria rose from \$5.6bn to \$6.2bn—a reflection on its limited absorptive capacity—Africa's most populous price increase will state found itself philosophically aligned with Libya and Iraq. So too, did Iran with its need to maximise the value of its oil if it is to establish itself as a self-sustaining industrialised power by the end of the century, as well as enhance its OPEC position as a main power.

Traditional political as well as economic ambitions, can be motivated Libya an contrast, Algeria, w is in the vanguard o ing for the maximum crease and whi strongly for the ma differentials on th crudes, including its mediating influen its need for develop and the possibility up to \$2bn in 1975 this role having n kind of underst viously with Saudi

It apparently did not to queer the r forthcoming dialog dustrialised countr it is believed, af financial aid from t

Also in between the hard-liners Venezuela, although of \$5bn, will be tr a deficit of up to \$ Lake Algeria, Latu biggest producer i the dialogue shoul diously as possible more genuinely aw of the burden plac ing nations than a ber of OPEC.

With the excep Arabia, Kuwait, A Qatar, the produc tested last year th not be regarded as in the long-term. this year has gone prove their conten next nine months: will increase will client to swell the foreign assets of its need to maximise the value assumptions within of its oil if it is to establish itself as a self-sustaining indus 31-41 per cent, rat tralised power by the end of the 14 per cent, pred century, as well as enhance its OPEC.

## India expects OPEC relief

By K. K. Sharma

NEW DELHI, Sept. 30. THE ORGANISATION of Petroleum Exporting Countries (OPEC) is expected to give concessions to countries like India which are "most seriously affected" by the crude-price rise.

Official sources here say no concrete plan has yet been unveiled, but there are distinct indications that OPEC will make a gesture of some kind.

They say the recent 10 per cent hike is meant to counteract inflation in Western industrialised countries.

This issue is expected by official sources to figure at the resumed Paris talks from October 13 when representatives of OPEC, the industrialised countries and developing countries, resume their deadlocked dialogue sponsored by France.

## 'Doors closed' on Syrian accord

NEW YORK, Sept. 30.

SYRIA'S Foreign Minister said today the Egyptian-Israeli agreement worked out by U.S. Secretary of State Dr. Henry Kissinger has closed all the doors "on Middle East peace talks".

Mr. Abdel Halim Khaddam met for more than two hours with Dr. Kissinger and told reporters later that Syria's position on the Middle East would be set forth later in the day when he speaks at the UN General Assembly.

Asked if he thought conditions were favourable for progress in the region, Khaddam said: "The Sinai agreement has closed all the doors." He left without elaborating. Dr. Kissinger would not comment on the statement.

Mr. Khaddam did say his UN speech would restate policies set forth previously by Syrian President Hafez Assad.

In response to a question on whether Syria will renew the mandate of the UN peace-keeping forces on the Golan Heights when it expires at the end of November, Mr. Khaddam said: "It is still premature to answer this question."

Dr. Kissinger has offered to set up peace talks between Israel and Syria, but Mr. Khaddam's statement indicated that no immediate talks were in prospect. A Syrian official said earlier that such negotiations "are months away at the best."

In Tel Aviv, an Israeli newspaper said Syria is demanding that Israel give up two civilian settlements and strategic hills near the town of Kuneitra on the Golan Heights in any interim peace accord between the two countries.

In contacts recently between Jerusalem, Washington and Damascus it has been clarified that the Syrians are demanding Israeli withdrawals from the settlements of Merom Hagolan, El Ram and the hills surrounding Kuneitra in the framework of an interim agreement, the newspaper Ha'aretz said in a dispatch quoting "well placed sources in Jerusalem."

A Government official later said the Ha'aretz report was "not founded in fact."

In Washington, President Ford warned Congress that any further delay in agreeing to the Middle East accord will prevent a lessening of the risks of war. In a letter to Senate Republican leader Hugh Scott, Mr. Ford said October 3 should be the deadline for a Congressional decision.

## Namibia party to visit UN

By John Stewart

CAPE TOWN, Sept. 30. A PARTY of 33 of the 156 delegates who attended the recent Namibian constitutional conference in Windhoek is scheduled to fly to New York on Saturday for a visit of about 14 days. The South African ambassador to the United States, Mr. R. F. Botha, will act as host and tour leader.

## Beirut business resumes

BY IHSAN HJAZI

BEIRUT, Sept. 30.

BUSINESS activity resumed here today. Banks and stores were open for the first time in two weeks now that calm has returned to the capital.

The reopening of banks was especially welcomed because a liquidity shortage had developed. Moreover, today is pay-day in both the Government public sector and in private companies.

Meanwhile, Lebanese have begun to take a closer look at what has happened to their capital and to their economy, and crowds continued to clog the downtown area to examine the extensive damage done to property there as a result of recent fierce fighting and fires. As many as 400 stores, especially in Souk Sursuk and the nearby Nou Riyah market, were either destroyed or burned out. Many belonged to small merchants, whose life-time savings have vanished.

The Government, backed by the 20-member Committee of National Reconciliation, has promised to consider compensation, but the Lebanese budget may not be able to meet the bill, which is expected to run into millions of pounds. Aid and loans from the oil-rich Arab states are being considered.

## Mrs. Mandela released

JOHANNESBURG, Sept. 30.

MRS. WINNIE MANDELA, wife of the imprisoned African leader Nelson Mandela, has been released from a banning order and house arrest, South African Justice Minister Mr. J. G. Kruger announced today.

Although courts acquitted her on charges under the Suppression of Communism and Terrorism Acts, 41-year-old Mrs. Mandela has been banned and

under house arrest for nearly a decade. Mr. Mandela, aged 57, a lawyer and former leader of the banned African National Congress, has been on Robben Island for the past 12 years. He was sentenced to life imprisonment after being convicted of sabotage and plotting violent

reuter

## Indonesian troops 'attack' I

JAKARTA

INDONESIAN troops, in a light-ning strike across the border, All Fretilin soldiers have wiped out a rebel base in the base were killed Portuguese East Timor, informed ing and their last sources said today.

The raid, involving 30 Indonesian soldiers, was against the Fretilin (Revolutionary Front for an Independent East Timor) after the attack, the base in the Aditu district, near Reuter

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## HOME NEWS

## Costing errors on envoy's Paris house deplored

BY MALCOLM RUTHERFORD

THE COST of a house bought by the Government for the Ambassador to the OECD in Paris was £382,314, and would have been even higher if all the requests for improvements, made by the Ambassador, Mr. Francis Gallagher, had been met.

Among the many errors in the improvement estimates was the calculation by a local architect of VAT at 1.75 per cent, instead of 17.5 per cent.

The transaction is said to demonstrate "a serious lack of financial control" in a report published by the House of Commons Expenditure Committee. "We hope this case is exceptional," the report notes.

The freehold of the house, No. 6 Villa Said in the Avenue Foch, was bought in June 1973, for £235,450 after the Ambassador had described his housing problem—occupied an apartment in the nearby Avenue Victor Hugo—as "desperately urgent."

Additional costs (for such things as repairs) were then estimated at £72,000. In the event, these more than doubled to £146,834, although some of the Ambassador's requests for modernisation were rejected and it was 21 months before the house was ready for occupation.

In written evidence to the Expenditure Committee, the Property Services Agency of the Department of the Environment attributes two mistakes directly to the local consultant architect.

rect: the VAT, miscalculation, which made a difference of £9,449 and is described simply as "an arithmetical error," and "the omission of certain standard items which would normally have been covered in the estimates, e.g. cooking equipment and light fittings." The latter made a difference of £17,247.

According to the agency, there are no grounds for seeking redress from the architect, "as it is considered that he complied with his instructions, which were to provide an urgent sur-

vey to assess the feasibility of purchase. The architect had given 20 years' good service to the Agency in Paris and there was no reason to question his technical competence." The agency itself was unable closely to check his estimates in this case because of "an abnormally high workload."

In oral evidence, however, it is noted that there is a large question mark over whether the architect will be employed again.

The estimates were also exceeded because, according to the agency, "the full extent of the deterioration of the property only became more fully apparent after the building had been opened up." The agency does

not blame the architect for this, but the Expenditure Committee comments: "It is not unreasonable to expect the need for the renewal of parquet flooring to be noted in an initial survey."

Other factors were a rise of 33 per cent in building costs between April, 1973, the date of the initial estimate, and April, 1974, the date tenders were received, and the French practice of not using general contractors. The work was carried out under a dozen different contracts.

Finally there was the Ambassador's additional requirements for servants' quarters and services, though not all of these were accepted.

In size, the house turns out to be quite modest by ambassadorial standards. There are five bedrooms, three bathrooms, three reception rooms, study, domestic staff accommodation and garage. Its present estimated value has been deleted from the evidence, but the total cost was 35 times the annual £4,500 rental of the Ambassador's former apartment.

It is official British policy to seek to buy property abroad rather than rent it, and a sum of £5m a year is set aside for this purpose. Normally, however, it is not fully spent because of the difficulty of finding suitable properties.

Eighty Report from the Expenditure Committee, Diplomatic Manpower and Property Overseas, House of Commons Paper 473, £1.80.

More Home News on Page 15

Unilever chief calls for efficiency crusade

FINANCIAL TIMES REPORTER

A "CRUSADE for efficiency" throughout industry, backed by union co-operation and Government policies designed to reward the efficient and "expose the stick-in-the-mud," was called for yesterday by Mr. David Orr, chairman of the British end of Unilever.

Opening a £2m extension to Mattessons meat factory, West Ham, Mr. Orr said that funds for future investment would be available once the "conditions for sensible and constructive risk-taking have been re-established."

What was needed, he said, was a "once-and-for-all" unequivocal statement that "there would be no interference, direct or indirect, with efficient competitive industries." Co-operation between Government, the trade unions and industry would work, he said, only if the Government made it quite clear that its priorities were to defeat inflation, to restore the profitability of private enterprise.

Export aims

The solution to encouraging investment in the private sector did not lie in "plundering the funds of future pensioners" or dictating the use of companies' reserves, he said, but in creating a climate of confidence.

Avoiding getting involved in the argument as to who was responsible for the low levels of investment in industry, Mr. Orr said that the fact remained that "in all sectors of public and private industry, we need urgently to improve our efficiency and modernise our manufacturing and service resources." Only by doing this, he said, would Britain improve her export potential. The alternative of import controls, he stated, must be "firmly rejected." Such controls he described as a "soft option" which would prevent Britain becoming a "robust industrial competitor ever again."

Mr. Orr maintained that though the apparent result of an investment might be fewer jobs in a particular factory, fewer jobs are better than no jobs, and in the longer term the indirect effects of investment for efficiency would be greater employment opportunities.

Unilever is spending about £50m on investment this year, but much of this, Mr. Orr said, was planned several years ago. "Investment does not get switched off and on in moments of gloom and euphoria, as politicians seem to imagine."

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## 'New body should run House of Commons'

By John Hunt

PROPOSALS to streamline the administration of the House of Commons to make it more independent of the Government are contained in the report of an all-party committee of MPs under the chairmanship of Mr. Arthur Bottomley, Labour MP for Middlesbrough.

The report, published yesterday, largely rejects proposals put forward earlier by Sir Edmund Compton, who was "ombudsman" at the time. He had suggested the appointment of a new chief officer of the House with two deputies—one responsible for services relating to proceedings in the Chamber and one for general administration.

The report proposes that the House should have a chief officer, a deputy chief officer and a deputy clerk. The new body would be responsible for the administration of the House, but not for its proceedings.

The report also recommends the abolition of the Commission appointed under an Act of 1812 which, in theory, remains ultimately responsible for the administration of the House although it has rarely met in recent years.

The report agrees that the Commission should be abolished but recommends that it should be replaced with a smaller body, which, unlike the present one, would include representatives of the official Opposition and back bench members as well as the Government.

Instead of a single chief officer, the report proposes that a Board of management should operate under the Commission. The various heads of department in the House would serve on the Board.

The report hopes that these recommendations would lead to a united service encouraging a shared sense of purpose between departments and would help to break down "divisive attitudes."

Mr. Edward Short, the Leader of the House, will now consider the report and any recommendations he makes would have to be debated by the House before any action is taken on the proposals.

Under the committee's proposals, the new Commission's chairman would be the Speaker and it would include the Leader of the House, a representative of the official Opposition front bench and three senior backbenchers, including a member of the majority party. The Commission would be appointed at the beginning of each Parliament.

Rejected

The Board of management would be appointed by the Commission. The Clerk of the House would be in the chair and membership would include the Sergeant-at-Arms, the Librarian, and the head of the Administration Department.

The Committee rejects the suggestion that the Sergeant-at-Arms' responsibility for accommodation and housekeeping should be hived off. It recommends the abolition of the Speaker's Department but suggests that the services committee, which represents backbenchers, should remain as an advisory body to the Commission.

Domestic air fares increase on November 1

DOMESTIC AIR fares are to go up by 15 to 20 per cent on November 1.

The major trunk routes—trips from London to Scotland's airports and to Belfast—are not affected. Increases on these routes are under consideration and will probably be deliberated upon by the Civil Aviation Authority at a meeting on October 7.

The rises follow applications by 12 operators working the major routes. These include British Caledonian, British Midland, British Island and Cambria.

The three routes facing a full 20 per cent rise are London-Birmingham, Manchester-Blackpool, and Exeter-Southampton. Among 50 to be increased by 15 per cent are services between Aberdeen and 10 provincial airports; between Birmingham and Scottish airports; and some services to and from Bristol, Norwich, Glamorgan, Liverpool, Manchester, Blackpool, Leeds, Bradford and Newcastle. Most Channel Island and Isle of Man flights and Scottish internal services will also rise by 15 per cent.

The rises have been granted by the CAA because of inflation. Few domestic operators make a profit on their passenger flights, according to the CAA, and in many cases "a far greater rise could have been justified."

Most other services throughout the U.K. will face 10 per cent increases. The notable exceptions to this are flights between Aberdeen and Teesside, and between Plymouth and Newquay, Cardiff and Swansea, which will not be subject to a fare increase.

Routes (Single Fares)

Old Fare New Fare

London-Birmingham £9.50 £11.50

Manchester-Blackpool £7.70 £9.30

Exeter-Southampton £9.10 £11.00

London-Newcastle £17.30 £19.90

London-Leeds £15.70 £17.40

## Chrysler blames its poor sales on adverse publicity

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

CHRYSLER U.K., expected to report "substantial" losses in its half-yearly report, due within the next few weeks, believes that adverse publicity about its long-term prospects in Britain has been a major factor behind its declining sales.

Recently the company lost a firm order for 200 Imps for just this reason, claim Chrysler executives. Overseas, the Press criticism has made it difficult to recruit dealers, and in the U.K. it is making it harder to retain dealerships—two Northern dealers have left this year.

Chrysler has maintained throughout the past year that it wants to retain a manufacturing base in the U.K., and its recently announced 12,000 mile/year warranty plan is a major step in its attempt to rebuild confidence.

More developments are in progress, said Mr. Gordon Pfeiffer, the newly appointed director of marketing, at the unveiling in France yesterday of the new Chrysler Alpine model which will be launched on the U.K. market within the next three months.

Five-door model

Although this model will not show up in the Chrysler U.K. sales figures (unlike Ford, Chrysler has yet to consolidate sales of its products based in Britain and on the Continent), the company is hoping to capture well over 1 per cent of the market with it, implying registrations of about 1,200 a month. At the same time it believes that the new model will increase showroom traffic and therefore other Chrysler sales.

With a likely price of between £21,000 and £23,000, the Alpine is designed to slot into the market above the Hunter. It has five doors including a tailgate, a reliable back seat and front-wheel drive.

Chrysler U.K.'s market share in September is believed to have been less than 7 per cent, against total imports of almost 33 per cent.

Last year the company lost £17m, and has since received more help from its U.S. parent, Chrysler Corporation. Finance is needed particularly for a new U.K. model, which the company claims to have on the drawing board, and to want to make in Britain rather than France.

The two new sources of finance which Chrysler talked of tapping earlier in the year—Finance for

Industry and the Government—have not so far helped. Chrysler's application for a £30m loan from FFI, the lending institution backed by the big banks, is still being considered. And while Chrysler is believed to have outlined its broad plans for a £25m development at Lawwood, it has not so far made formal application for assistance with this scheme to the Department of Industry.

Sir William Batty, president of the Society of Motor Manufacturers and Traders, warned the Government yesterday against "arbitrary attempts" to restrict use of the private car. Speaking in Paris on the eve of the Motor Show, he condemned its "great negative think" against motorists, which was likely to make them "even more contemptuous of authority."

British cars defended

A DEFENCE of British motor cars came yesterday from a major importer of vehicles from West Germany.

Mr. Anton Hille, managing director of BMW Concessionaires GB, told a London Press conference that British cars could produce cars that were as good as anyone's—provided the industry and its workers were allowed to get on with the job.

If successive Governments allowed our motor industry freedom to operate, and if trades unions allowed our

skilled people to work to the best of their abilities, Britain could again produce cars, in sufficient quantities, that would be as good as any in the world.

British Leyland Cars said today that for the London Motor Show, which opens at Earls Court in two weeks, new models would be unveiled among its 69 vehicles on display. Leyland said: "We want buyers to look hard at what we make and to challenge us with what our competitors have to offer." Mr. Keith Hopkins, sales and marketing director, said

Although it has less than 4,000 MW actually operating, a total of 26 units grossing about 20,000 MW have already been ordered.

Almost all of this capacity is light water reactors built under licence from U.S. companies, although Japan's first nuclear order was for a U.K. magnox reactor of 166 MW, which came into operation in 1966.

But Japan is also developing a pressure-tube heavy water reactor, similar to Britain's "steam" reactor. Japan is building a 165 MW prototype called Fugen, and has begun a preliminary design of a 600 MW demonstration plant, as an intermediate step to the 1,000 MW units it believes will be standard by 1980.

Japan's domestic plans call for completion of 49,000 MW of nuclear capacity by 1985.

Japanese industrialists have served warning in London that they are poised to enter the international market for nuclear reactors and other major parts of nuclear power stations.

At a two-day meeting between the British Atomic Forum and the Japan Atomic Industrial Forum, which ended last night, leading Japanese nuclear executives indicated that their industry was ready to export complete reactors.

So far, its export activities have been confined to materials and components, although these have included some major forgings for which the U.S. is the only alternative supplier.

An example is the 250-ton nuclear capacity by 1985.

## Japan issues a nuclear export warning to Britain

BY DAVID FISHLÖCK, SCIENCE EDITOR

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An example is the 250-ton nuclear capacity by 1985.

## Scottish Tories say Assembly should have taxation powers

BY CHRIS BAUR, SCOTTISH CORRESPONDENT

CONSERVATIVE PARTY leaders in Scotland are proposing that the new Scottish Assembly should have limited independent powers of taxation.

It is highly desirable that the Assembly should have the power to innovate or promote development in new or neglected fields, he said. "Its ability to do so would be greatly enhanced by the possession of an alternative source of revenue."

Assembly taxation powers should not, however, be unlimited, since this would be cumbersome, expensive for the taxpayer and incompatible with the integrity of the U.K. In addition, the granting of substantial fiscal autonomy to a subordinate legislature might, fairly or unfairly, be regarded as aggravating the risk of U.K. economic instability. This would not strengthen the confidence of foreign investors.

Mr. Rifkind said that it was a major objective of Conservative policy that devolution should not increase the Scottish tax burden. "Nothing would be more certain to turn the devolution exercise into an unpopular disaster than if it were to lead to new and expensive extra taxes," he stated.

The Government should therefore find a formula to ensure that any new taxes paid by Scots to the Assembly would be balanced by an equivalent reduction in their tax commitments to the Exchequer.

This might be done by "hypothecating" an agreed fixed percentage of U.K. revenue to the Assembly, or a sales tax raised through the VAT machinery. Neither income nor corporation tax should be devolved. It would also be wrong to levy an extra tax on North Sea oil, though Conservatives agreed that Scotland should be the main beneficiary of U.K. revenues raised from North Sea production and paid partially in a Scottish development fund.

SNP position

The Scottish National Party, which is also preparing its ground for the forthcoming White Paper debate, repeated its harder line that the Assembly should be responsible for all revenues raised in Scotland, including control over all North Sea oil development and taxation.

Its devolution spokesman, Mr. George Reid, MP (Clackmannan and Stirling), said that the Assembly should also be responsible for trade and industry, and for funding the further reform of local government. Its internal operation and structure should not be "examined into the Westminster straitjacket."

Block grant call

The Government is almost certain to reject PR, though it is examining the feasibility of giving the Assembly some circumscribed taxation powers to supplement a global block grant allocated for Scottish expenditure by Westminster.

Yesterday Mr. Malcolm Rifkind, M.P. (Edinburgh Pentlands) the Scottish Conservative spokesman on devolution, said that in negotiating its block grant with the Treasury a Scottish administration would be in a stronger bargaining position if it possessed sources of revenue as a matter of right.

"Irrespective of the revenue it received from the Treasury, it is highly desirable that the Assembly should have the power to innovate or promote development in new or neglected fields," he said. "Its ability to do so would be greatly enhanced by the possession of an alternative source of revenue."

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## Euroloan for Welsh telephone expansion

By Our Industrial Star

BY OUR INDUSTRIAL STAR A LOAN equivalent has been made to Office by the European Bank, the Comm long-term finance inst

It is the bank's first telecommunications loan and will go towards a new expanding the 1 Wales and parts of

English counties—the Wales and the M communications Boar

The area qualifies year loan, which car

91 per cent, because "recognises the im modern, efficient tele regions which are le or which face indust

It will help pay telephone exchanges, sions of existing exc other improvements phone service as p

percent two-year inve gramme in the a

The EIB stated ve the need for investm scale was clear as t a telephone densi

per 100 population with a national fige This was a partic

cap in South Wales tional industries wit low telecommunicat such as coalmining and steelworks, we placed by modern it porting industry increasing demand munications. The E by helping to make more attractive to tries, the project wor the creation of new opportunities.

Slight rise in new building

By Michael Cassell

NEW ORDERS r building contractors marginally, accordi Department of the I

Provisional figure contracts taken in valued at £34m. In the three mont

June. In constant total new orders f months May-July we at 1 per cent, hig the previous quart

cent, down on May Council housing July were worth a £12m., against £11. In the three mont

July orders were below February-Apr cent, up on the e period of 1974.

Private housing o were only £10m., above the previ Private contracts were at a constant 6 per cent on quarter and 16 per the same period in

According to the public works new o May-July quarter v cent, up on the pr months and 6 per cent on the quarter earlier. Orders for p trial building were down on the previ and 38 per cent.

Private commerc showed a 7 per cent July on the pre month, but were 27 low 1974.

Other figures relat day by the Depart that brick production was 399m, against 421 Cement deliveries in aged 307,000 tonnes a pared with 353,000 for preceding month.

Fewer new housing societies

By Elinor Goodman

NEW HOUSING societies in 1974 fell to t level since 1964. Onl ties were registered a against 473 in 1973. I of the Chief Reg Friendly Societies sh

The fall was mos the field of co-owne new schemes were nomic by high rates c and increased bui Only three new ho housing societies we last year compared w 1973.

Increased costs m housing societies spe on building and devel 1974, an increase of v cent on the previ

The report shows t were nearly 9,700 indu provident societies at t 1974 with funds of £1.1 almost 14m, members.

Chief Registrar of Societies—Annual Repo (HMSO 60p.)

London Ca Group

In a statement to sh of London Capital Gr Friday, Mr. James Cha then chairman, said: " from the debt the comp to the Crown Agents th no obligations to third which could not be met.

## Long-range forecast

## Rain and gales in October

OCTOBER will be unsettled, rather wet, with temperatures near average, says the long-range weather forecast for the 30 days beginning to-day, issued by the Meteorological Office.

The forecast is: Mostly unsettled, with only brief brighter spells. Rather cold with average rainfall in Scotland, mostly wet elsewhere with temperatures near average. Gales generally more frequent than usual.

## Guernsey to renew drive against inflation

BY A SPECIAL CORRESPONDENT

EFFORTS by Guernsey's Advisory and Finance Committee to win island support for a local counter-inflation policy are expected to be resumed this month only weeks before a new round of annual pay reviews are due.

The committee, under its president, Mr. Edward Collas, is pledged to produce a formula for voluntary restraint in wages, prices and public expenditure with the U.K.'s White Paper as a guide.

The island Parliament has already endorsed a "freeze" on new capital expenditure projects. But work on the rest of the "package" was halted by an internal committee wrangle over a 14 per cent Civil Service pay award.

Another major obstacle is a current information vacuum on the state of the local economy. The first of a series of detailed annual reviews, promised for September, has been inexplicably delayed.

Without it, fears that Guernsey will be unable to meet its rising import and wage bills, or the escalating running costs of its Government machine, could be fanned, and pressures for a general "shake-up" within the administration could grow.

At present the assertions of Mr. Collas, the island's "chancellor," that the local economy has remained "buoyant," seem to be correct. Guernsey has so far maintained near full employment and a general air of prosperity.

Although £5m, down on their 1974 exports, tomato growers expect this year's revenues to be good.

In tourism, where tariffs rose by 30 per cent, and have largely kept ahead of price rises, the number of tourists has risen.

The performances of Guernsey's other two economic "props"—banking and light industry—are more difficult to assess. But on an island-wide basis there has been neither dramatic expansion nor contraction.

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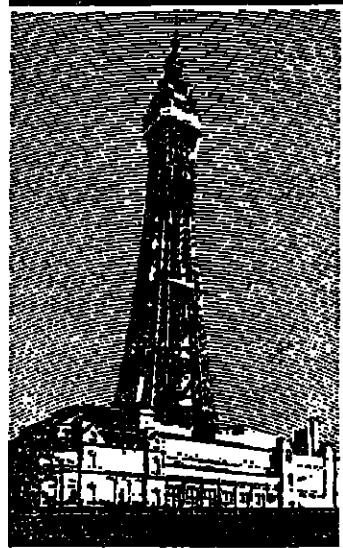
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## Prentice welcomes PM's 'support'

MR. REG PRENTICE, Minister for Overseas Development, welcomed the Prime Minister's speech. "He made a very strong attack upon little militant groups who gain control of local parties. He warned of the dangers that this involves for the party and country. I am delighted he said this."

"He referred to the fact that an MP who had been elected twice last year with a five-figure majority could be disowned by a tiny group of a few dozen people who had gained control of a local machine."

"It is absolutely right that the leader of the party should warn of this danger. He also pointed to the right solution which is to have more people joining the party and becoming active in it."

Mr. Prentice added: "He was absolutely right to say that the management committee of a local party should be representative of party opinion in the constituency as a whole. This is exactly what my friends and I are trying to achieve in Newham NE. We had a serious setback in July and we are fighting to restore the position."

"It will be very encouraging to my friends in Newham to have had this message of support from Mr. Wilson."

### Left protest

Left-wing members of the Labour National Executive, including some MPs, later made a surprise attack on part of the Prime Minister's speech.

In a statement, they accused him of pandering to the clamour of the Tories and their newspapers over the process of selecting Labour candidates.

MPs who signed the statement were Mr. Frank Allaun (Salford E.), Mr. Ian Mikardo (Bethnal Green and Bow), Miss Joan Maynard (Sheffield Brightside) and Mr. Eric Heffer (Walton), who strictly does not assume membership until the new executive takes office later this week.

Others who signed were Mr. Len Fordham and Mr. Alex Kitson, both of the Transport Workers' Union, Mr. Sam McCuskie (National Union of Seamen), Mr. John Forrester (AUEW) and Mr. Nick Bradley (Young Socialists).

They said: "We strongly disagree with a part of Harold Wilson's speech. There must be no interference with the democratic and constitutional right of Labour members to elect their own general management committee delegates and for these committees to select their own Parliamentary candidates and to have a new selection of candidates before the next election if they so desire."

"Harold Wilson's speech panders to the clamour of the Tories and their newspapers. They are trying to stop Labour men behaving like real Labour men."

Labour is a democratic party. Its workers are going to do the hard, unpaid work of the party, but only so long as they have an effective voice in deciding policy and in choosing their candidates."

They added: "Harold Wilson seemed to be arguing that the power of selection should be taken away from these workers and given to those who are too lazy or too uninterested to take part in the work of our party."

## CHARTER CONSOLIDATED LIMITED MINERALS AND RESOURCES CORPORATION LIMITED (MINORCO)

(Incorporated in Bermuda)

### JOINT ANNOUNCEMENT

#### PARTICIPATION IN SMTF COPPER PROJECT

As stated in the Review by the President of Minorco published today, an agreement has been concluded for Minorco to acquire from Charter Consolidated Limited a portion of Charter's interest in the international consortium company, Societe Miniere de Tenke-Fungurume (SMTF), which holds important mineral concessions in Zaïre.

Negotiations for the provision of third party loan finance for the SMTF project have been proceeding for some time and a basis of agreement has been reached. Subject to the completion of the loan finance documentation and the signature of the relevant agreements and undertakings Minorco will purchase from Charter a participation in SMTF amounting to 7 per cent. in the share capital and shareholders' advances on a similar basis and with similar rights and obligations as attaching to the interest held by Charter.

The acquisition would involve an initial outlay by Minorco of approximately U.S.\$4 million and on the basis of current estimates an additional amount over the next three years of U.S.\$18 million, which can be financed from Minorco's present cash resources. 28 per cent. of the capital of SMTF is now held by Charter Consolidated and associates, and after the proposed transfer of 7 per cent. to Minorco, Charter will itself have an indirect interest amounting to 7 per cent.

40, Holborn Viaduct, EC1P 1AJ.  
30th September, 1975.

# The LABOUR PARTY Conference at Blackpool

## Wilson goes for extremists

BY PHILIP RAWSTORNE

HACKING at the Labour party's wider fringes with unexpected boldness, Mr. Harold Wilson, yesterday, strove to give it the solidity of a natural party of Government.

And, with Mr. Denis Healey, despite his NEC defeat, following Mr. Michael Foot in successfully trimming party idealism to economic realism, the Prime Minister had every reason to be pleased with the shape of things.

Almost breathless with a recital of the Government's record, Mr. Wilson declared that the Labour movement had achieved an unprecedented and thriving consensus.

But it had to protect itself now against the infestation of arrogant dogmatism both from the extreme Left and the "extreme moderates."

Showing much more concern over this danger from within than with the Tory Opposition without, Mr. Wilson asserted that the party's purpose and

power was threatened by intolerant growths. And the conference, with a few Left wing exceptions, responded warmly to his determination to root them out.

Mr. Reg Prentice joined the standing ovation, though his supporters in the Social Democratic Alliance, had also felt the cutting edge of Mr. Wilson's tongue.

Such an "anti-party group," leading sneers to a receptive Press, was no answer to the party's problem, the Prime Minister declared, amid supporting applause.

But the problem, clearly identified by Mr. Wilson, was that too many constituency parties were being dominated, through apathy or infiltration, by Left wing extremists.

Small exclusive groups whose inflexible and esoteric politics had nothing in common with the broad aims of the Labour movement, he added, to more applause.

Mr. Wilson demanded to know who

these self-appointed "samurai" were who claimed the power of political life or death over Labour MPs. A woman shouted in protest. "I didn't ask anyone to identify themselves," he retorted, amid laughter.

Could anyone seriously claim the right for a small group of 50 to get rid of a Labour MP who had been elected by 25,000 Labour voters, Mr. Wilson demanded.

A few delegates apparently did. But the conference overwhelmingly endorsed his plea for more representative membership, including active trade unionists, at local level.

Those who sought to impose their doctrine on the party were striking a blow not only against the Labour movement but against democracy, said Mr. Wilson.

Labour's strength lay not in enforced uniformity but in tolerance; in the ferment of ideas, not in regimentation. "I do not want to lead a party of zombies," he concluded.

## 'Self-appointed samurai seeking power of political life and death'

IN HIS Parliamentary report to the conference, Mr. Harold Wilson attacked "self-appointed samurai" within the movement and called for regeneration of the party on the basis of mutual tolerance and respect.

"This party needs to protect itself against the activities of small groups of inflexible political persuasion—extreme so-called Left, and in a few cases, extreme so-called moderates, having in common only their arrogant dogmatism."

"Our strength lies not in enforced uniformity of party doctrine. It is based on tolerance and argument, on the ferment of political ideas and political passion—not regimentation. I do not want to lead a party of zombies."

Mr. Wilson said that in the 12½ years he had led the party, the Whip had not been withdrawn from a single Labour MP.

"I have therefore the right to ask: Who are these self-appointed samurai who seek to assert a power of political life and death which the leadership, the Whips' office, and the organisation sub-committee of the Labour party have not in modern times sought to assert?"

There were shouts from the hall and the Prime Minister retorted: "You don't have to identify yourselves. It was a rhetorical question."

Unwelcome The party needed the stimulus of support and constructive criticism from the movement throughout the country. But it was appalling that so many of the constituency parties, particularly in safe seats, were so small in number and, in some cases, so unrepresentative.

In some safe Labour areas, parties were deliberately kept small for the purpose of concentrating power and local authority seats in small cliques.

"There is also the fact of some Labour seats, not always strong Labour seats, where there is

great public support for the party, but where membership is kept abysmally low because those who would wish to join in the party work come once, come twice, and, feeling unwelcome, come no more."

Mr. Wilson then made his attack on the small group of extremists within the movement. "These groups, equally the multi-chromatic coalitionist fringe or groups specifically formed to fight other marauding groups, are not what this party is about."

"Infestation of this kind thrives only, can thrive only, in

minuscule local parties. However, when this happens, whether through laxness and apathy or by infiltration, often migratory infiltration, the result can too easily be groups of little exclusivities insisting on minority doctrine, thriving on noisy debate, reflecting some esoteric theory which has nothing in common with a century of political idealism and the purpose of this movement."

"For what has proved possible is a take-over bid for a 20,000 majority seat based on an incurious little more than a dozen."

"Nor does the answer lie in the formation of the kind of anti-party group which has been disporting itself in Blackpool this week-end, seeking as it were, to smear to an ever-ready Tory Press."

"The success of this Government depends on two things. First, the participation of the whole movement in our programme and our manifestos as in these recent years."

"Second a determined Government, a determined Parliament, a determined Labour Party, such as we have to-day, with well over 300 Labour members there with the backing of 11½m. Labour voters."



Mr. John Stonehouse, MP for Walsall North, on bail pending trial on 21 charges of theft, forgery and fraud, at the conference yesterday. "I have had a very friendly reaction from everybody," he said.

## WILSON AND HEALEY WARN AGAINST RELAXING ANTI-INFLATION POLICY

### Hard months ahead in fight for economic recovery

THE PRIME MINISTER told delegates that any relaxation in the fight against inflation would be fatal. And he warned that the months ahead would be hard.

"This tough period, so far from providing an excuse for relaxing our attack on inflation, is itself a reason for pressing it home. It would be fatal to relax now—fatal to this country, this Government, this movement."

"This is the only means by which we can bring unemployment down as the world recession gives way to expansion—the only

means to moving forward to full employment. Relaxation cannot start before inflation stops."

In his Parliamentary report, Mr. Wilson said that "we faced the worst world recession since the thirties, with our inflation more than twice that of our competitors. But the country and the world recognised the Labour Government's determination to conquer the problem."

"While our opponents pursued their barren alternatives with increasing sedulous repetition, we were in the process of reaching an historic agreement with the TUC. Our policy was based on consent. It has been endorsed by the trade union movement. It has been overwhelmingly accepted by the country."

Mr. Wilson went on: "The way forward now is to build on our agreement with the TUC and all sides of industry. This will inevitably be a constantly developing relationship in which not just the TUC but the trade unions and management will become more involved in the fight against inflation and the wider management of our economy."

The Government had last week announced measures for dealing with the immediate threat of increased unemployment this winter and especially to deal with the problem of school leavers, which were emergency steps which would be taken to sustain any further growth of inflation or involve any lasting increase to public expenditure.

But the way to drive towards full employment once inflation was dealt with, would require different methods.

Mr. Wilson said that for a generation new investment had been totally inadequate. But this was not the only problem.

Over the last 20 years, for every extra unit of output that obtained in Britain from a given amount of investment, France and Italy had gained half as much again, Japan twice as much and West Germany well over two and a half times as much.

"We cannot get the benefit of increased investment in industries or firms if strikes are to condemn the equipment to idleness or if over-manning cancels

out the gains from the new investment," he said.

"But more than that, if we spent our time arguing how to work less and spend more we shall end up having to work more and being able to spend less."

Britain had been particularly short of investment in expanding markets, on which future jobs depended. "We have to make the products for which there is a demand both at home and abroad. For this it is not enough just to invest in our traditional industries. We have to be ready to support new initiatives and to seize new opportunities."

No panic The urgent action which we had to take to deal with areas of industrial and social policy neglected by the Tories caused us to increase the real volume of public expenditure by nearly 8 per cent. in the first year of this Government.

"It was a catching-up exercise to reverse three-and-a-half years of increasing inequality and to provide the help we have promised, as a priority, to those in greatest need. But the very speed and determination with which we acted means we are close to the limit now, and for some time ahead, for public expenditure as compared with take home incomes."

There would be no panic cuts, but expenditure would be strictly related to priorities.

In a clear reference to Mrs. Margaret Thatcher's speeches in the U.S. last week, he said the political philosophy of a once-great party had now been asserted—even if it had to be "bounced" over a transatlantic satellite. "It was not a claim to unite the nation, but a policy to divide it."

"We have been told, on impeccable and undeniable authority, that the pursuit of inequality for its own sake is now to become an end in itself. It now becomes the altar, the deity, before which we seek to prostrate ourselves and the country," said Mr. Wilson.

## Attack on spending cuts beaten

BY JUSTIN LONG

MR. DENIS HEALEY, the Chancellor of the Exchequer, yesterday faced the critics in the Labour Party who had deprived him of his place on the National Executive with a call to the conference and the party to face the unpleasant facts of the economic situation.

In a resolute speech which earned him a standing ovation, the Chancellor declared his determination not to be diverted from his course. Government borrowing, he told the conference, had to be cut if industry were to be re-equipped to win the war against inflation.

If he had "lost his medals," he said, referring with wry humour to his defeat in the ballot for the executive, he was used to criticism.

He dealt ironically with the particular criticisms made a little earlier by Mr. Clive Jenkins, general secretary of the ASTMS. These complaints were embodied in a resolution contending that there was inadequate control of prices, ineffective curbing of capital outflow and a repetition of the demands for import controls.

"I do not want to be lectured by any member of our movement on the need for import controls when they ask their own trade union to provide them with a Volvo," said Mr. Healey.

Turning to Mr. Eric Heffer, former Minister for Industry, who had replaced him on the executive, Mr. Healey suggested that if Mr. Heffer wanted more money for industrial investment—which was one of the arguments of the Left-wing former Minister—then there had to be less money for someone else. Someone had to see that the sums added up. "And I intend to see that they do," Mr. Healey added.

Resolutions critical of the Government on taxation and condemning public expenditure cuts were defeated, and only those acceptable to the executive were carried after the main debate on the economic situation.

There was no chance of regenerating British industry, the Chancellor maintained, unless the gap were narrowed in the public sector and what could be raised in taxes.

Mr. Healey said the Government was fighting several battles and two wars. The battles were against the Tory inheritance of the three-day week, record inflation, the worst industrial relations ever and the worst balance of payments since the war; against the enormous increase in import prices, particularly of oil; and against the world recession.

On top of this the Government had to fight two wars—against inequality of income and wealth in the country and against industrial decay which had been spreading like a blight over Britain's economy for at least 60 years.

Crushing The Chancellor attacked his Conservative shadow, Sir Geoffrey Howe, over his recent "fame drain" remarks.

Mr. Healey said: "If the top rate of income tax was 50p in the pound it would cost us £400m. and would mean 8,000 job stars earning £100,000 a year coming back to Britain."

There were roars of laughter when he added: "Even if we could do it, just imagine 8,000 Bay City Rollers."

He continued: "The fact is that there is going to be a crushing burden of taxation for all people unless you can get better value for money spent in the public sector."

There was no chance of restoring morale to the nationalised industries "if you condemn them to be insolvent by subsidising private industry."

"That is what we have been doing in the last few years and it has got to stop. This is a mad way for a Socialist Government to go about spending public money."

The Chancellor said import controls might have a role to play but that role should not be exaggerated. It should not be said that nobody was going to retaliate.

After pointing to the efforts of American unions to persuade their Government to introduce import controls, which would affect Pilkington Glass or British Leyland cars, Mr. Healey said: "There are difficult problems here which your Government takes very seriously."

Calling for increased produc-

tivity, Mr. Healey said: "What we want is a high output, high wage economy instead of a low output, low wage economy."

The great task facing the Government in the coming months was to reach a basis of agreement with British industry by which a slow increase in productivity, coupled with better use of existing capital and a steady increase in capital available to industry, could be achieved.

"Therefore Mr. Eric Varley, the Industry Secretary, and I will be going to NEDDY in a month's time with a new strategy for British industry."

The object of this strategy would be to sort out the priorities of investment for industry and where such investment should be made.

"We will put our ideas forward to the TUC in the next week or two, and they will be debated in NEDDY later."

He appealed for less moaning in the Press and in the Labour movement as well. "We would not have a Labour movement unless we had our head in the stars. But we will never make a Labour Government unless we keep our feet on the ground," he said.

"It is a combination of idealism and practical efficiency based on long experience which alone can insure that ordinary men and women will actually benefit from our ideas."

Mr. Healey warned delegates that Britain faced many years of hard work and real sacrifices which must be fairly shared. Success did not turn on the Chancellor of the Exchequer or the Government alone—it depended on the united effort of the British people as a whole.

A motion supporting the Government's economic policy was carried, but another on taxation which included a provision that rents should be eligible for tax relief and mortgage relief was defeated.

Mr. Healey successfully recommended acceptance of a resolution on selective import curbs, but he said the executive could accept it because of its call for "direction of investment for socially worthwhile and value added enterprises."

Earlier, Mr. Jenkins told dele-

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Mr. Eric Heffer addresses conference. The man he displaces on Labour's national —Chancellor of the Exchequer Mr. Denis Healey—listens.

## Healey defeat brings 1 of Cabinet-NEC clash

BY RICHARD EVANS, LOBBY CORRESPONDENT

THE LEFT wing of the Labour Party achieved its prime target of the week yesterday when Mr. Denis Healey, Chancellor of the Exchequer, was dismissed from the National Executive committee by a vote of 500,000, well ahead of Mr. Foot. Others to increase their vote substantially were Left wingers Mr. Frank Allaun and Miss Joan Lester.

Mr. Peter Shore, Labour's most effective anti-market campaigner before the referendum, narrowly failed to gain a seat but saw his vote nearly tripled.

In the trade union section the most significant change was the replacement of a retiring NUM representative Mr. Sid Vincent by Mr. Emyln Williams, Left wing leader of the South Wales miners.

Mr. James Callaghan held on to the party treasurer's post, but the party's financial com-

In the constituency section Mr. Anthony Wedgwood Benn consolidated his position by heading the poll with a jump in votes to over 500,000, well ahead of Mr. Foot. Others to increase their vote substantially were Left wingers Mr. Frank Allaun and Miss Joan Lester.

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Mr. James Callaghan held on to the party treasurer's post, but the party's financial com-

5,108,000; S. McCuskie Union of Seamen; Fred Mulley (APEE) 4,651,000; Brian St Office Engineers; Russell Tuck (NUR) 4,511,000; Emyln Williams 3,571,000.

Socialist, Co-operat Professional Organisations (National Union and Socialists Clubs) 3,571,000.

Constituency Divi Allaun (Salford E) 523,000; Anthony Wedgwood (Bristol S.E.) 523,000; Castle (Blackburn) 501,000; Eric Heffer 347,000; Joan Lester 377,000; I (Bethnal Green) 351,000.

Women: Judith Hi 5,353,000; Lena Jess and St. Patrick's; S. Joan Maynard (Sheff side) 3,393,000; R (Wolverhampton) M.I. Shirley Williams (F Stevenage) 4,942,000. Treasurer: James 3,702,000.

The results were:— Trade unions: Tom Bradley (Transport Salaried Staffs Association), who becomes party chairman, 4,788,000; John Chalmers (Boilermakers), 5,452,000; John Forrester (AUEW), 4,400,000; E.E. Hickling (General and Municipal Workers), 5,338,000; William John (AUEW), 4,272,000; Alex Kitson (FGWU), 3,702,000.

Seasick Mr. Healey, the first Minister to be ousted from the executive since Herbert Morrison in 1952, paid the price for his advocacy of economic policies strenuously opposed by the Left. His replacement, Mr. Healey, M.P. for Walton and one of the most militant back benchers since his resignation as Minister for Industry, is a bitter blow for Mr. Healey personally as well as for the moderates on the NEC.

The Chancellor made little effort to hide his bitterness when he replied to the economics debate. "If some of you decide to throw the navigator overboard because you do not like being seasick, so be it," he declared.

Mr. Healey's rejection after five years on the executive means that the Cabinet has lost a powerful advocate. He was largely responsible for toning down the NEC economic statement presented at this week's conference.

His sole remaining party platform is now the TUC/Labour Party liaison committee, claiming only 14 out of 29 members on the NEC last night, but this excluded such figures as Mr. Michael Foot and Mrs. Barbara Castle on the grounds that they were basically pro-Government.

Ministers urge action on race relations

BY JUSTIN LONG

THREE GOVERNMENT Ministers last night maintained that the Labour Government had so far failed to get to grips with increasingly urgent problems of race relations.

Mrs. Shirley Williams, Secretary for Prices and Consumer Protection, told a meeting of the party's Race Relations Action Group in Blackpool that indifference in the Labour movement to the problems was an "outstanding disgrace to us all."

She called for m to be exerted upon ment for action.

Miss Joan Lester, ter for Education, making a call for activity. Alexander J. Office Minister of S the meeting that progress in the p racial justice Britain an American-style tion on its hands.

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Success did not turn on the Chancellor of the Exchequer



## 'Apathy' attack on NUJ rank and file

[illegible]

A SEVEN-MAN action committee was set up in Liverpool yesterday to consider possible "job creation" schemes on Merseyside which will be financed out of the Government's new £30m. grant to the Manpower Services Commission.

The committee, which will include representatives of local government, industry and the trade unions, was formed after a meeting of MSC officials and the North-West regional council of the TUC. Similar action committees will be created in most regions to advise the MSC on schemes which are worthy of support.

Up to £4m. may be available for Merseyside job creation schemes.

whether the protest action was intended to cover British charter flights to Spain prompted shop stewards to delay a final decision on the boycott until they had obtained clear guidance from their union's headquarters.

According to the ITF, its 350 affiliated unions in various parts of the world are being urged to act against Spanish transport services, and the action is not intended to affect foreign ser-

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**BY LORNE BARLING**

R CARTWRIGHT, MIDLANDS CORRESPONDENT

1. *Chlorophyll a* and *Chlorophyll b* were determined by the method of Arar and Collins (1971). The concentration of chlorophyll was expressed as  $\mu\text{g mL}^{-1}$  of the sample.

**By Our Midlands Correspondent**

the 1990s, the number of people in the United States who are 65 years of age or older has increased by 50% (U.S. Census Bureau, 2000). The number of people aged 65 and older is projected to increase to 20% of the total population by the year 2020 (U.S. Census Bureau, 2000). The number of people aged 65 and older is projected to increase to 20% of the total population by the year 2020 (U.S. Census Bureau, 2000). The number of people aged 65 and older is projected to increase to 20% of the total population by the year 2020 (U.S. Census Bureau, 2000).



## FINANCIAL TIMES REPORT

Wednesday October 1 1975

## DIECASTING

The diecasting sector has shown a surprising resilience to the downturn which has affected most of British industry. New applications for diecastings and a lower degree of reliance on the motor industry have both helped to shield diecasters from the worst effects of the recession.

## A talent for survival

By Peter Cartwright  
Midlands Correspondent

WHILE PRESSURE diecasting, in both zinc and aluminium, has inevitably been caught up in the energy crisis and the general downturn in world trade, particularly in cars, it has been shielded from its most severe effects by the quality and effectiveness of research and development by industry associations, and diversification of markets by individual manufacturers. Taking zinc diecasting as an example, it is not all that long ago that the industry was dependent on road transport applications to the extent of around two-thirds of total output. To-day the proportion is down to a third, so that the plunge in output of the car makers has not had quite the same depressive effects as it would have had a few years ago.

Though markets for aluminium pressure diecasters appear to have been rather less flexible, there have been some interesting new applications within the major transport market, which accounts for more than half the total production, as well as a very active pursuit of expanding into one of the big outlets for low-pressure diecasting was beer barrels. More recently probably the biggest single tonnage has been going into diecast car wheels. Successes of this kind have also been scored by the high-pressure aluminium diecasters catering for the high volume repetition markets, whose close liaison with engineers at the design stage of projects has been the envy of other component industries.

Thus, the strength of basic research and development allied

to adaptability in terms of products and markets are now standing the pressure diecasting industry in good stead, giving good grounds for supposing that its resistance to recession and ability to seize the initiative when the economic horizon is brighter are stronger than may be supposed from a perusal of general statistics.

It has, indeed, a big advantage as a weigh-in-over a number of other industries, though of course whether the technical advantages of, say, strong, accurate thin-wall zinc diecastings can be fully realised depends very much on the interaction and relationship of material prices with those of alternative materials.

Fortunately both branches of the pressure diecasting industry are well blessed technically, and more and more it is the technical considerations that outweigh minor price disadvantages when comparisons are made with alternative materials. Another happy sign for the future is that, judging from random inquiries, investment does not seem to have contracted as much as was feared. Some lead-makers, are assured of reasonable levels of activity well into the first half of next year. There have been, it is true, some cancellations and deferrals, but on the whole on the relatively modest scale considering the uncertainties.

## Equipped

Thus the survival kit of U.K. diecasters appears more fully equipped than is the case in some other countries, where the industry is much more closely tied to road transport. Some 55-60 per cent of American zinc diecastings, according to estimates, are destined for the car industry, compared with 34 per cent in the U.K. The recent sharp growth in the Japanese industry has also been mainly devoted to the motor industry, and both it and the German diecasting industry are tied more closely to its main customer industry.

In the U.K. diversification appears to have gone much further. The third biggest outlet for zinc diecastings, taking 18 per cent of total production, is for building and in domestic hardware. This has been a strong growth market, with leading makers offering packages of products for building site operations that provide a full kit of door locks, letter boxes, window catchments, bath-room fittings and so on. Toys, of course, have for long taken a substantial share, now some 21 per cent, with office equipment, tape decks, domestic appliances, ornaments and other everyday products providing much of the remainder.

It has been a period of mixed fortunes in terms both of availability and prices of materials. Towards the end of last year zinc began to get short, culminating in one major producer reducing supplies to 80 per cent of a base period related to the previous year. Since in the interim diecasting output had



A lift truck being used to operate a pneumatic hammer which drives and anchors the taper keys on a giant drop stamp in the River Don Stampings plant at Sheffield.

markedly improved, the cut-back was more severe than the figures suggest. Indeed, despite the constrictions of the three-day week, for some diecasters an even greater one was shortage of materials.

By the end of 1974 prices were beginning to run away, with the London Metal Exchange later recording about £900 a tonne, although users were paying £300-£330 a tonne linked to producer prices. The price climbed to some £360, in which region it has remained, though now it is threatening to edge up again. Aluminium diecasters found themselves in a fairly similar situation of tight supplies with prices moving upwards at a speed never before experienced. Starting in January, 1974, at £277 a tonne for a popular diecasting alloy, the price moved smartly upwards to a peak of around £430 a ton in mid-year, but has since abated to around £300.

Despite problems occasioned by drastic price changes, the three-day week and the subsequent slide in demand for cars, domestic appliances, office equipment and other products of main customer industries, diecasters started the year in better shape than might have been expected.

The use of zinc in diecasting, after falling back in the recession at the turn of the decade, had almost recovered to the 1969 high by 1972, when consumption reached 73,000 tonnes. It advanced to 79,900 tonnes in 1973 and last year fell back to an estimated 69,800 tonnes, a smaller decline than might have been registered had the diecasting industry exactly mirrored the general recession. However, the fall has been prolonged, and at the turn of the year consumption was well below that in the first half of last year.

Aluminium diecasters have experienced much the same conditions, although the very much smaller sector making low-pressure diecastings has remained remarkably free of wide fluctuations, with a consumption

of 5,000-5,500 tonnes since 1970. However, this relative stability conceals some quite sharp movements in demand trends, one of which, car wheels, has already been mentioned. The high-pressure section is nine or ten times bigger, and as a high-volume supplier of components for the transport, instrument, aerospace, marine, engineering, computer and other industries, has a wide spread of activities that should stand it in good stead while the present economic recession lasts and enable it to take quick advantage of an upturn.

## Downturn

Since 1970 despatches of high-pressure diecastings has risen from 43,816 tonnes to a peak of 57,957 tonnes in 1973. Last year the figure fell back to 51,993 tonnes. In the first half of 'his year despatches were 31 per cent below those of the comparable period of 1974, reflecting the general downturn in the economy. These figures, as also those relating to zinc diecasting, need to be qualified as they are not a wholly reliable guide to activity. One of the outstanding features of the pressure diecasting industry has been its constant effort to reduce the weight of material used while at least maintaining strength characteristics, and the pressure to do this is now greater than ever. Thus over the years an increasing number of components has been made from the same weight of metal without sacrificing essential features. It may also be pointed out that because aluminium is the lighter metal the volume of production is some two and a half times greater than for equivalent zinc. Where lightness is the chief consideration, aluminium has many advantages, but since zinc has a lower melting point it is easier to cast into intricate shapes, particularly for smaller components.

Improving techniques in die-making and in plant and equip-

More immediately, to provide cleaner, more attractive workpieces in order to adequate supply of it without considering of increasingly strict pollution legislation, put growing pressure on diecasters to update equipment. The more modern machinery already been a decided benefit of those prepared to invest in the longer term. It is perhaps even true that survival depends on an adequate investment, however that may be. In the industry—like the h and forging ind been acutely aware of the economic consequences of price smaller, less efficient though not entirely eliminated the waste while quality requirements have also encouraged to remain with those with established and to realise these and high quality standards. It now the diecasting industry has again to contend for sales and probe extended period, it a new experience. There have been a few casualties, in contrast to other sectors, and this alone in essence it has to weather an economic better than many other.

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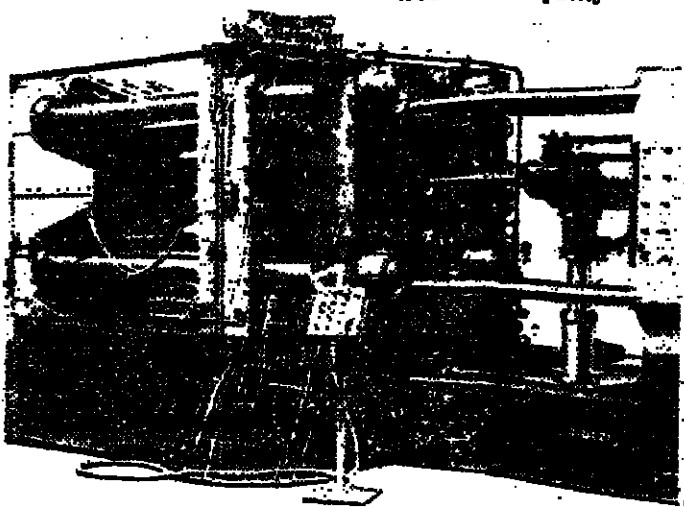
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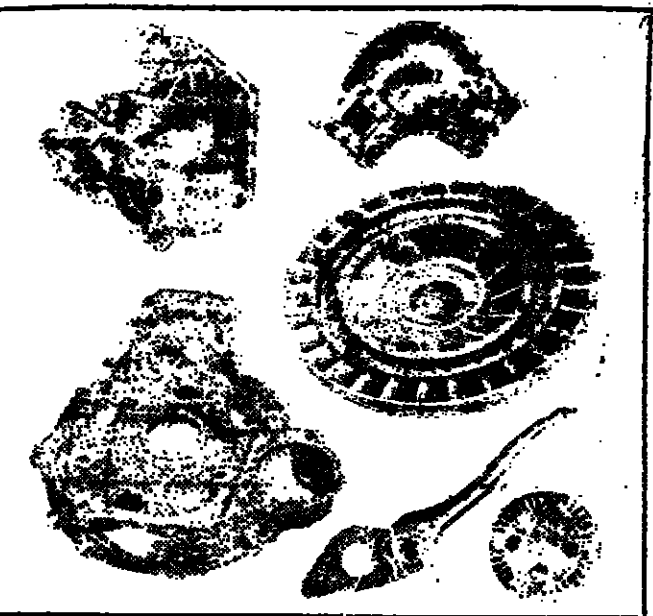
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An operator tending a pressure diecasting machine at the Thomas Ashworth and Co. foundry.

هك زامن الفصل



## New techniques...

It would not be true to say that improvements in machine and equipment have been made to an extent that they affect technical progress in the future. Significant advances kept under wraps until economic conditions demand justify put into production. Of detailed improvements, however, it is not too far to say that the market is introducing major

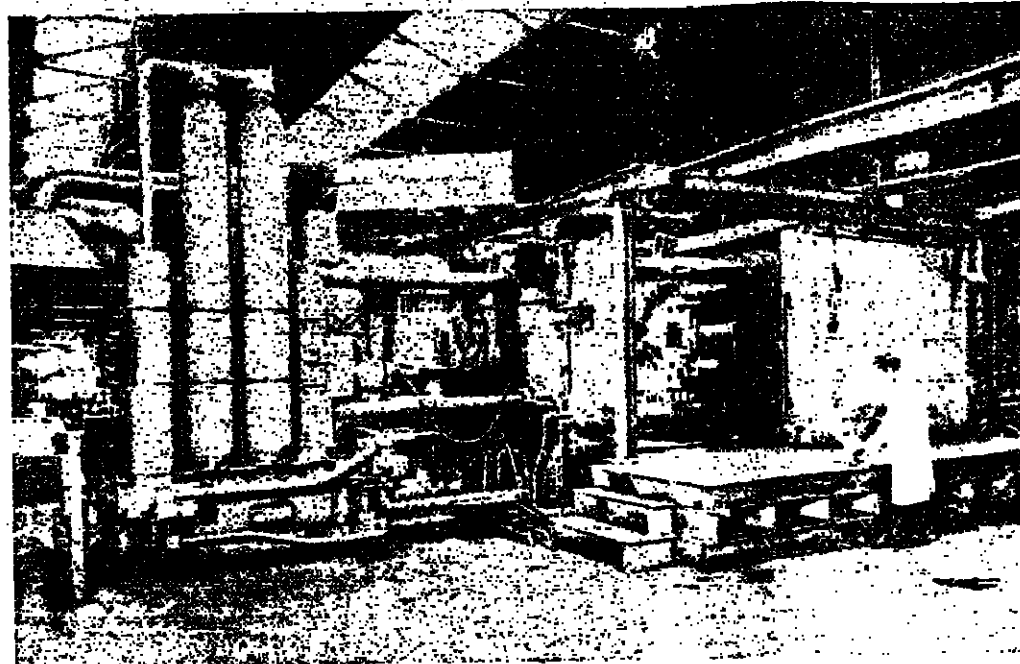
he upturn does come it produce a log-jam of intending customers—a in the past—discover machine manufacturers in the production cap it as quickly as they to. As one maker in busy times we get customer does not need machine. In bad times it is inevitable reply is "can't afford it." But if you want a machine, you want it to

respect the diecasting is no better or worse others. What is lacking? Government-backed strategy for the industry to iron out the valleys of investment. So far as the diecasting is concerned, £8.90 of what is currently in the automation of tation controlling the of a process on which been so much concern has been known about years. The trouble is people to use it, circuits can cut main-

## Saving

There is also a move, becoming more widely discernible, towards vertical diecasting machines, partly for technical reasons because metal flowing vertically is less turbulent than it tends to be in horizontal machines—though the practical advantages are less easy to see—and partly for floor space saving reasons.

While these and other technical improvements help to make better use of what is in more normal times a scarce labour situation, there is inevitably re-investment at the introduction of labour-saving equipment. Unions are now so adept at bargaining that the final outcome of protracted negotiations can be that all or almost all of the financial advantages of new equipment are swallowed up in buy-



A Wotan 2,000 ton locking force horizontal cold chamber diecasting machine installed at the works of Aeroplane and Motor Aluminium Castings, Birmingham.

ing out the labour content. Nor are many managements willing to risk a confrontation over what may well be a matter of marginal rather than really worthwhile advantage. Many employers seem to believe that a tight labour market is the lesser evil.

There are, of course, plenty of situations where only the best technical plant and equipment will enable orders to be won, and this is likely to be increasingly true, particularly where exports of either equipment itself or of end products are becoming a significant proportion of turnovers. This is particularly so in the automotive, domestic equipment and hardware markets, where long runs at high volume demand high rates of investment. This, indeed, is where high-speed, automated diecasting scores best.

Zinc and aluminium have their formidable competitors, like plastics, for example. This competition is expressed both in the more exact matching of compositions to product requirements and also in steadily improving injection and other equipment. The strength and extent of the competition has long been recognised and is being countered by some extremely effective work by the Zinc and Allied Die Casting Association, especially in pub-

licising the fitness of diecastings for a widening range of applications. This has been and is being assisted by more sophisticated finishes of a decorative nature which can help to give zinc diecastings, for instance, the edge over competitive materials at the assembly stage.

Textured finishes are reproduced by a photo-engraving technique that can simulate line weave or leather grain on the die, which then imparts it to the casting, which can then be appropriately painted. Two advantages of this technique are that it helps the diecaster to eliminate surface blemishes and at the same time provides greater scope for the stylist.

As has been said, diecasting is at its best in a high volume situation, and nowhere is this more apparent than in the toy trade, which incidentally is feeling the recession a good deal less than many other sectors. Nor is there a much better example of the influences of fashion, like Dinky (Mecano) and Matchbox (Lesney Products) are counted by the tens of millions. It has become so highly specialised that most of the machines and equipment are either adapted to individual requirements from basic machines or made within the organisation. This also ap-

pears elsewhere, though not to the same high degree. The gestation period of a new toy is considerable, two years or more, so that the market has to be highly sensitive to the way in which the most demanding market in the world—boys and girls—is changing. Hit the jackpot and one leaves one's competitors trailing enviously in the rear. Failure is damingly expensive.

At the other end of the scale is the engineering market, activated by technological considerations. There is a general trend for designers to specify diecastings of increasing size, and where these can be made on machines of up to around 600 tonnes locking force a domestic manufacturer can be found in most instances.

Above this admittedly arbitrary rather than precisely accurate figure, imported machines come into their own. These are the kind that make aluminium transmission and bell housings of up to 14-15 lbs, clutch housings and other substantial automotive components. To-day's cost of installing a high-pressure diecasting machine with a 1,400 tonnes locking force is likely to be in the region of £140,000 by the time a holding furnace and safety guarding have been included. A set of dies can cost

another £50,000. To justify this kind of investment a diecaster would need a high throughput or else be able to command a high price per component, neither of which is likely to get other than in exceptional circumstances. On the other hand it is as well to bear in mind that what is exceptional in one decade may become commonplace in the next. Certainly if the automotive industry had not already had such a heavy investment in iron foundries, for instance, U.K. machine makers would have had a better chance of establishing themselves in the bigger machine sector.

While they may be overshadowed in this field, they should increasingly feel the benefit of legislation as it affects their activities. For while importers and agents of foreign machinery makers are required to meet safety regulations so far as is "reasonably practical," the obligation to do so by U.K. makers is absolute. Thus while a foreign machine may be priced more competitively, it may cost the user more in the long run if he has to adapt it to safety standards. Increasing pressure is being put on lagard manufacturers overseas to design and manufacture machines to the generally higher U.K. safety standards, and to get these adopted as European standards.

## Safety

A good deal of work also remains to be carried out on old machines in respect of safety and noise levels, and this is resulting in a considerable surge in business for specialist and generally smaller-scale makers of guarding and cladding equipment. They are, indeed, busier than established makers of the machines themselves.

How long it is worthwhile hanging on to machines that need considerable maintenance to keep within approved standards is a matter of individual judgment, but in the longer run it must benefit new machinery makers, and there is small doubt that but for the recession re-equipment and modernisation would have been in full swing—and will be resumed when world conditions improve.

Peter Cartwright

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## ...and new markets

ANY CASTING process has certain advantages, and diecasting, using permanent moulds, has a number of its own as well. These have been exploited fully by the diecasting industry in building up its present markets, and they will be the basis of its expansion into new fields. Refinement of existing techniques and metal specifications is always in progress, and developments in casting size range can be expected. But fundamentally diecasting expands on the basis that it can produce simple or complex shapes fast and consistently and that it can reduce or even eliminate a number of subsequent finishing operations.

## Expansion

The major outlet for both zinc and aluminium alloy diecastings is at present the transport industries, with road vehicles taking the greater quantities. This is a field in which expansion is already taking place, and with the urgent need to conserve fuel, the light weight of aluminium gives it a particular advantage. As is well known, the complete engine block of a popular car is currently made as an aluminium alloy diecasting.

Development work now at an advanced stage will bring the "all-aluminium" engine into a much larger range of cars.

This development can be expected to move into the commercial vehicle field as well, since the weight factor is equally important here. There is considerable scope for aluminium alloy diecastings in every application where weight saving is important, and this is given new and continuing impetus by the changes in the economic situation. Since energy conservation is unlikely to become of less importance—the reverse will be the case—aluminium diecastings will continue to develop this theme.

Light weight, though an important feature of aluminium, is not its only selling point. It has good resistance to atmospheric corrosion and is finding increas-

ing use in such things as street-lighting fittings. A diecast aluminium fitting for the modern type of lamp standard is weather resistant, and incidentally light weight is also used only for assembly and maintenance but also because the standard itself can be of lighter construction.

Aluminium alloy diecastings also find a use as architectural fittings, though where appearance is important their use has so far been inhibited to some extent by the fact that they are only available in natural finish. Wrought alloys can be anodised and dyed in a wide range of colours; diecastings are not, yet, suitable for this treatment. However, technical developments are in progress which will overcome this difficulty. When diecastings can be anodised easily, a whole new market opens up in such things as door furniture and architectural features. The market for domestic appliances, where colour and finish are a sales feature, could also develop when anodising and dyeing become a routine procedure on aluminium alloy diecasting.

Zinc alloy diecastings are complementary to, rather than competitive with, aluminium, though the latter could well take over in some applications such as automobile trim, where weight is of increasing importance. Both metals are capable of giving a faithful copy of the die, but the zinc alloys are particularly good at reproducing fine detail.

A major outlet for zinc alloy diecastings is in the transport industries, and a substantial tonnage goes into the manufacture of toys, especially scale models, where the ability to produce fine detail very sharply is an obvious asset. Both these fields are capable of expansion. Some inroads have been made into both, it is true, by plastics, which share many of the characteristics of diecasting, but the price advantage of plastics is no longer what it was and there are signs of a move back to metal.

In non-traditional fields zinc alloy diecastings are making good use of their ability to reproduce complex shapes to close limits. Typical examples are to be found in the electrical and electronics industries, where diecastings are used in radio

and television tuning coil assemblies to replace small metal fabrications. Similarly, diecastings are being used in solenoids, where the reduction of machining is important.

An outstanding example of this ability to cut out costly machining is in pneumatic valves and manifold blocks, which are cast in one piece with all the necessary fluid passages complete. These replace components which were made by machining from a solid block of metal.

In these cases light weight is of no special significance, but there are applications where it could actually be a disadvantage. The turntable of a record player is an example. Here a certain amount of weight is needed for the flywheel effect. Zinc alloy meets this requirement and a diecasting, to close dimensional limits, ensures proper balance as well.

## Controls

Zinc alloys are moving increasingly into the "non-water-carrying" parts of domestic water fittings such as shower controls, water-tap handles and central-heating controls. In all these cases they have the advantage that instructions, trade marks or other markings can be cast on neatly and no finishing is needed.

Such fittings can be electroplated if a decorative finish is required, and this ability to plate is helping to find another market for zinc alloy diecastings. Increasing numbers of what can be called "luxury" household goods are now made in zinc alloy and in some cases they are silver-plated. For this type of work the ability to produce a decorated surface is an asset.

But the main potential for diecastings in both zinc and aluminium alloys lies in the fact that they can save money by reducing or eliminating machining, finishing and assembly costs, and it is on these advantages that the traditional markets will be held and new ones found.

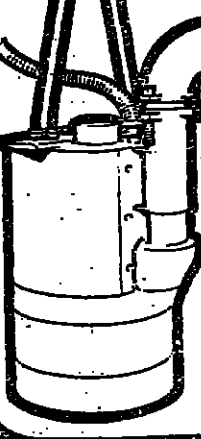
There are certain misconceptions which the diecasting industry is keen to dispel in its promotional work. Aluminium, for example, is often thought of solely for its light weight. This is frequently important but not

always; corrosion resistance can be a deciding factor. Zinc alloys are known to be excellent for non-structural trim components, probably because they are most often seen in that form. In fact, the zinc alloys are expanding strongly from the purely "decorative" markets to those where the mechanical properties of the metal are important. The diecasting industry is technically forward-looking and is co-operating increasingly with its European counterparts. So it is well placed to move into new fields of application. It is widely dispersed across the country and has a very wide range of casting sizes and metal specifications in regular production.

Like many other technology-based industries it has the problem of getting over to both existing and potential customers just what it has to offer. However, there are two trade organisations which serve as information centres and which can assist in the choice of metal and type of diecasting for specific applications. These are the Light Metal Founders' Association, and the Zinc Alloy Die Casters' Association, which is based in London.

Keith Gale

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# The Executive's World

EDITED BY JAMES ENSOR

هكذا من العمل

Rothschild

## It is no longer a family business

career which has led to his appointment as director of Shell and the Government Bank. Lord Rothschild almost six months executive chairman to y bank. His views on success in style between Whitehall and Rothschild are illuminating.

is that while Shell has a very systematic recruitment policy every man's planned and emergency recruited out on forms. d has had little formal "There is a joke in he says, "that there old boys (himself and Robinow) and every is aged 37". The ent of a personnel and the adoption of f the Marks and techniques which thschild admires, are to rectify this situa- time.

questions some of the il working methods, if merchant banking, has encountered. "The making structure," he totally different here any other organisation inclined to think that top heavy." He argues e could be more de- also that the decision ody itself is too large manageable. "Real he points out "are d to come by if you e than seven people." h Royal Dutch Shell he points out, making, is very de- d, with the system of ommittees being used lot of the work. At sixteen people, all profits were shared between standing, apart from the banks, but that was ruan, take part in ecisions.



Lord Rothschild

"My greatest difficulty," he back to the same system, espe- ally in the Far East and the American Continent." He also foresees good business for Rothschild in the Middle East, in spite of the Arab boycott.

He has found little difficulty in fitting in to the bank, despite the fact that his son was in sole charge until he took over. "There are no difficulties be- cause, apart from parental affection and filial piety, we respect each other's capabilities, which are quite different. Of course, we have differences of opinion, but life would be inconceivable without them and I would say we muck in together rather effectively."

He explains that the bank is no longer really a family business but is in a transitional state. "By the time the generation after Evelyn, Jacob and the others takes over, the transi- tional phase will also be over; but, in any case, from now on- wards, I am sure that merit and ability will determine who gets to the top at Rothschild's."

JAMES ENSOR

Nicholas Leslie describes how management consultants are finally

## Feeling the economic draught

THE ECONOMIC recession has finally caught up with manage- ment consultants. A year ago, much to the surprise of many people, the reports emerging from the consultancy firms belied the fact that most of the country was on a downward economic path. Now, the finan- cial fact of their life is that in the U.K. anyway they have had to do some belt tightening. Precisely how badly they have been hit in financial terms is difficult to assess, but it will probably be the case that all the major firms are at best static in terms of U.K. gross income, while the firms which come off best overall will be those with strong overseas connections, particularly outside of Europe, which itself has a depressed consultancy market.

### Pattern

None the less, there does seem to be a different pattern this time around. In previous recessions it has been possible to follow the depression in consul- tancy work on the basis that their downturn came a few months after the mainstream of industry. This time, it has come later and, by all accounts, may well be less severe than at other times.

The reason may be contained in a comment by Mr. Hugh Lang, managing director of P.E. Consulting Group, who says: "This is not a normal cyclical recession as far as consultants are concerned. This time the U.K. economy is down quite a bit and it is clear we are not hit and it is clear we are not in a position to take on the complexities of the management, who are continuing to employ consul- tants to enable them to help think through their problems to see what lies around the corner."

Those problems have in fact

generated an increased volume of work in some areas such as cost-cutting exercises and requests from companies whose cash flow needs bolstering. At Warwick, Mr. John Armstrong talks of greater emphasis on economy and cost cutting in the private sector and more awareness on survival rather than on long-range planning. As part of this whole objective there has also been a greater emphasis on the problems of industrial relations, he says.

These objectives are echoed by Mr. Sandford Johnson, at A. T. Kearney, who remarks that "we are having to solve to-day's problems." This has led to a shift from marketing and strategic studies to cost improvements. Kearney has also found more customers wanting implementation of the recommendations by Kearney itself.

Target areas for economies, Kearney finds, include distribu- tion activities—that is, between factory floor and shop shelf—and on production lines where greater flexibility is being sought to enable faster switch- ing of product lines. Because lower demand requires smaller batches. This, in turn, leads to the need to maintain good industrial relations since pro- duction changes may hit workers' wages.

In a similar vein, Warwick is finding increased demand for job evaluation work to establish more acceptable wages structures, says Mr. Armstrong. It applies a method of evalua- tion which it describes as highly participative, calling on the views of wage earners to help establish relative values of jobs being done.

Further conformation of the stress on consultancy services for immediate economic prob- lems comes from Mr. Guy Halli-



Mr. Hugh Lang

well, at Whitehead Consulting Group, who talks of "fire fight- ing," particularly for the smaller company rather than the larger ones which are still undertak- ing planning projects, and from Mr. Nicholas Branch, at Binder Hamlyn Fry. Mr. Branch de- scribes the work more as "tuning up" rather than rescue assign- ments.

Whitehead, against the trend among a number of firms, is still doing a lot of business process control work, such as computer- ized control of production pro- cesses, according to Mr. Halli- well and still hasn't felt the depression in product marketing or product development.

Mr. Halliwell also makes a point which is a common experi- ence in that consultants'

customers seem to have become much more selective and aware of each consultants particular strengths (and probably weak- nesses) before putting out work.

Most firms have experienced a pick-up of inquiries over the past three or four months, following a flat period earlier this year, although, as Mr. R. J. McGarel-Groves, executive director of the Management Consultants Association, ob- serves, the conversion rate of inquiries is down "a lot more people are window shopping without any firm conviction that they are going to buy."

The MCA's current year fore- cast is for a drop in U.K. con- sultancy work of between 3 and 5 per cent, although Mr. McGarel-Groves says also that most members of the association have quite full order books. He also makes the interesting point that the Government appears to be spreading its work load further afield since quite a num- ber of newer firms are getting work from this source.

On the executive selection front, Mr. McGarel-Groves re- ports a falling off more recently after a period of demand earlier in the year. Most consultants seem to have followed this pattern and as for head-hunting activities—which have again been open to MCA members since October, 1974 following the relaxation of its veto on this type of operation—few con- sultants seem particularly keen to generate a lot of work in the area.

Maintaining a strong position in technology innovation, inter- national marketing and in over- seeing major investment pro- jects is PA Management Con- sultants, according to chairman Mr. Bobby Murray. Not so buoyant is telecommunications and computers work (a senti- ment echoed by most consul-

lants) where he describes the company doing pretty well "but in our terms not good enough." In the past year PA has had consultants in to look over its own organisation to find out what the market thinks of PA, a move which produced a num- ber of points for action. On another front, the firm has made a major investment in a labora- tory to back up its services in assisting clients in product development.

Without a doubt the prospect for consultants has been made considerably brighter by the increasing demand from the oil exporting countries, particularly those in the Middle East. With all those countries increasingly busy in developing industrial infrastructures, the opportuni- ties open for consultancy work in such areas as telecommuni- cations, setting up production lines, power generating com- plexes and such like are immense.

But with stories circulating of 100 consultants a day from Japan alone arriving in some of the countries it is clear that the competition is getting ex- tremely intense, not only from the Japanese but also American and German and French consul- tants who are facing their own home recession.

Overall, the impression given by consultants is that they are facing a hard time in the U.K., but expect to be able to weather the conditions relatively well, and more easily so if they have the facilities to exploit the over- seas markets.

The total number of assign- ments is probably well down in the home market and the indi- cations are that customers are not only being more selective but are also making greater demands and expect more out of each package. Few can see the market getting appreciably better over the next 12 months.

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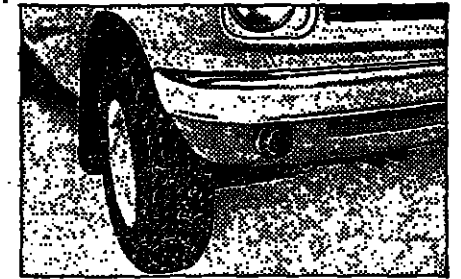
### Here are nine.



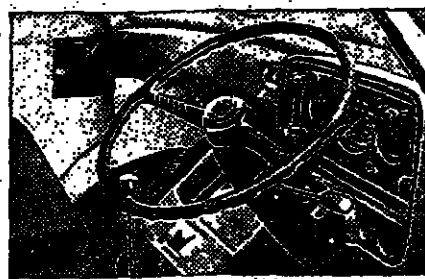
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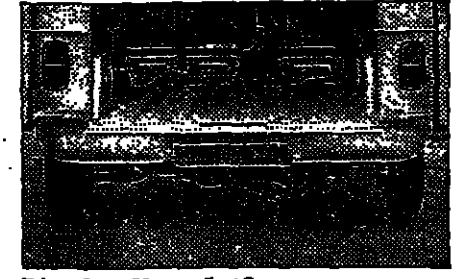
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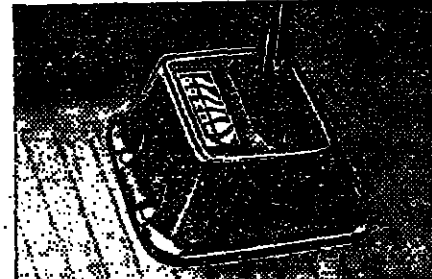
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If the object is to avoid the vehicle being used for the purposes of hire there are a variety of ways in which contribution can be made by reference to some criterion other than the mileage effected on the user's journey. A club subscription might prove least difficult to administer. It would, however, be wise to consult a solicitor who can examine the terms of the insurance policy and frame a scheme with an eye to the insurance as well as the hiring aspects of the situation.

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WEDNESDAY, OCTOBER 1, 1975

## Investing for profit

THAT THE annual conference of the Labour Party should give its reluctant approval to the Government's economic policy and then throw Mr. Denis Healey off its National Executive Committee is not, unfortunately, surprising. Even if votes are powerless, in the Chancellor's own phrase, to change the laws of arithmetic, they can still be used to demonstrate annoyance at the fact that two and two will not make five. It is in this sense, the use of the block vote to express a childlike impotence in the face of brute facts, that Mr. Healey should interpret his defeat. Neither he nor the Prime Minister took much trouble yesterday to conceal the brute facts of our economic situation from the sensitive gaze of the assembled delegates.

Mr. Wilson made it clear once again that there was a hard period ahead and that the Government could not stimulate domestic demand until it had brought inflation under better control. He also made it uncomfortably plain that the additional capital investment which is so badly needed in this country could only too easily be wasted, whether it took place in the public or the private sector, as a result of persistent over-manning or strike action.

### Public spending

The Chancellor's main themes were first, the importance of productive investment and second, the relationship between taxation and public expenditure. If he may have seemed to some delegates to be giving way a little before the demand for selective import controls, he gave no ground on these two basic issues. They were intimately connected, he argued, because the money to finance increased capital investment had to come from somewhere: whatever the long-term aspirations of Party members, therefore, there would have to be a limit set on the growth of non-productive public expenditure. Mr. Wilson had said that it would have to be brought into a more balanced relationship with private expenditure: the Chancellor said that the country would have to get

## Storm in the wrong tea cup

THE GERMANS have backed down. It took only a few hours for the meeting of Community Finance Ministers on Monday night to reject the German proposals for cuts in next year's Community Fund by a majority of eight to one. The Germans tried again with a demand that the cuts should be found in other parts of the Community Budget and were defeated by the same majority. Then they capitulated.

### Farm fund

In a sense, it can be said that a Community crisis has been avoided as a result and also that the Germans have made their point: more attention will be paid to controlling the Community Budget in future. No doubt this is what the Germans are saying to themselves at the moment, but it is not the whole of the story. The fact is that the Germans behaved in a very curious way: they did not achieve what they set out to achieve, and they did a good deal of damage in the process.

The 1976 draft Budget was originally set by the Brussels Commission at just over 80m. units of account (£3.4bn.) which, according to Bonn, was too high, especially at a time when West Germany itself has a large budget deficit. Last week the Germans succeeded in reducing it by 30m. units, mainly through cuts in the allocations for social, regional and industrial policy. On Monday night they sought further cuts of 30m. units in the farm sector. They were obliged to accept the majority vote against, because they could not seriously have claimed that it was a vital German national interest to save 28 per cent. (the German share under Community Budget procedures) of 30m. units of account.

One of the more ironic effects of the German action is that the Community Budget

better value out of it if there were not to be a crushing burden of taxation on ordinary working people. So far as daring to offend against the opinion strongly held by many members of the Labour Party, that all public expenditure is by definition good, Ministers have now gone as far as anyone could reasonably expect. They (with the help of the Standing Commission on the distribution of wealth and income) are steadily seeking to uproot the myth that public expenditure can be increased without greater economic efficiency and/or a further increase in taxation on average workers.

### Yardstick

For the money to expand the capital base of industry must, as Mr. Healey said, come from somewhere: the moment that industry ceases to run down its stocks and seeks to raise credit again, the public sector must be ready to hold back its own large demands: and there is little sign at present that it will be ready to do so. Government efforts to control the growth of the unproductive public sector must be redoubled, otherwise the new plans which the Chancellor is to discuss with the National Economic Development Council next month will be irrelevant.

They will be misdirected, moreover, unless the state of affairs shown up by the Sandilands Committee is quickly put to rights and company accounts (both in the public and private sectors) and corporate taxation are adjusted to take account of inflation and show the true size of the return which different industries and companies are earning on their capital. Call it profit, or surplus or whatever the NEDC in its wisdom decides, only this can give a reliable measure of how pricing policies should be adjusted and where the scarce capital available for investment can earn the highest return for the country. It is to be hoped that the leaders of the TUC—with whom the Chancellor is apparently to discuss his plans before putting them to Neddy—are now agreed, at least in principle, on this approach.

With Nuclex, the international nuclear conference in Basle, opening next week, David Fishlock examines one important question now confronting Britain's nuclear industry

# Future energy threats that require a fast reaction

At a symposium at the University of Birmingham a few days ago a former chief scientific adviser to the Cabinet offered his audience a fascinating glimpse of the energy scene as he saw it evolving over the next 100 years. As a senior scientist remarked to me afterwards, Sir Alan Cottrell—the man who last summer put his finger so unerringly on the weakest spot in the technical case of proponents for the U.S. nuclear reactors—may be rendering a more valuable public service from his exile as Master of Jesus College, Cambridge, than ever he could within the constraints of the Cabinet Office.

Dismissing our current energy problems as "largely of a political and economic nature," Sir Alan said that he foresaw the world's first real energy crisis possibly arising in 20 or 30 years' time. The smooth transition of energy supplies into the 21st century depended on our achieving technological success with two technologies, neither of which were available commercially today. One was the large-scale conversion of coal into high-grade oil and gas, without which road and air transport would be in deep trouble. The other was the widespread introduction of the fast "breeder" type of nuclear reactor, without which electricity supply would be in deep trouble.

## Electricity demand

If the world rode out this first energy crisis, the next would arise in about 50 years' time. This, he believed, would be a social crisis, consequent upon the immense growth in electricity demand. He cited the latest Club of Rome forecasts that electricity demand in 50 years' time would necessitate 24,000 big nuclear reactors. These, of course, would be fast reactors. Sir Alan—a man with two decades of close association with the safety of the U.K. nuclear programme—could not believe that society would be ready to accept the strain of building and operating so many very highly rated reactors safely.

For that reason, and despite technical problems that he admitted, would be of "extraordinary severity," he believed that nuclear fusion—the controlled H-bomb type of reaction—should have first priority for long-term energy research. Thus Sir Alan saw the fast reactor as a bridge between today's fission reactors and an "ultimate" fusion reactor, but a bridge that would continue to serve far beyond the time when the first fusion reactors were entering service.

In fact, a "large programme" of big fast reactors would, for a nation the size of the U.K., probably never mean more than having a few dozen in service at a given time. The significance of the fast reactor lies in its ability to turn non-fissile material, useless as an energy source, into fissile material that can be converted into nuclear fuel. If theoretical predictions are ever achieved in commercial power stations, this type of reactor one day will be making rather more fuel than it consumes.

There are several ways of in-

breed new fuel, certain features that help to make today's reactors intrinsically safe must be omitted.

The design philosophy followed is to replace those features with "engineered safeguards," or safety measures which can be guaranteed absolutely to swing into action should the reactor show the slightest sign of running out of control. So much extra room is required for these "engineered safeguards" that, already, not only has the total cost increased the fast reactor. But this rather alarmingly but the summer, on behalf of the Royal Commission, he fired a comple-

This is the problem that however, is genuine enough, might thereby exclude using uranium some 60 times more efficiently than we can. The third option, Protection that Britain's first big use it to-day—surely the biggest contribution technology can make to energy conservation for the foreseeable future. It is also the U.K.'s insurance against the "serious and increasing constraints" in the future arising from our apparent lack of indigenous uranium.

## Authoritative forecast

One authoritative forecast suggests that, given a successful fast reactor programme, the world's total uranium requirements need never exceed half a million tons because of the plutonium fuel that will be bred. Without the fast reactor, the world could be consuming half a million tons of uranium every year before the end of the century.

No one close to the fast reactor doubts any longer that to engineer such a highly rated machine to present-day reactor standards is bound to be a long, difficult and very expensive process. At one time, Britain was in the vanguard of its development, but because of lengthy delays in first constructing the 250 MW prototype fast reactor at Dounreay, and, for the past two years, in commissioning the plant, the French have indisputably assumed the lead.

Nonetheless, two decades of study of this reactor, backed by a plant that, it is now hoped, will be generating a lot of power by the end of the year, opens a spectrum of options for Britain. Unfortunately, each seems to involve some new risk.

For example, the U.K. could continue alone, running its prototype for a year or two and then building a bigger "industrial prototype" station in collaboration with its electricity industry before eventually embarking on fully commercial stations. On past experience, the U.K. would develop a sound of Technology in the 1 but expensive system, tailored tightly to Central Electricity Generating Board specifications and with negligible prospects in the international market.

At the other end of the spectrum, Britain could use its experience to make the electrical industry a very well informed buyer for a time when France, West Germany and other countries are ready to build up fast reactors. Of course, a decision by a country with Britain's experience to opt out would inevitably worry other participants—perhaps to the extent that the advent of the Wedgwood Benn can be commercially fast reactor became and Britain a niche seriously delayed. Also, Britain lateral arrangement.

## May be late

On balance, the ex-though far from una-appear to favour Fr prospective partner strongest commitment as the most impress record. Yet it may be late. As Mr. Wedgwood discovered first-hand recent visits to Paris a Britain may have played set over the fast react too long. Its charms a ning to look just a little The technology, w stations. On past experience, Wedgwood Benn, wher the U.K. would develop a sound of Technology in the 1 but expensive system, tailored once rushed north t tightly to Central Electricity against alleged efforts Generating Board specifications and with negligible prospects in the international market.

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Three key men in the nuclear debate: (from left) Sir Alan Cottrell, former chief scientific adviser to the Cabinet; Sir Brian Flowers, chairman of the Royal Commission on Environmental Protection; and Mr. Anthony Wedgwood Benn, Secretary for Energy. Behind them, the core of the prototype fast reactor at Dounreay, Caithness.

interpreting this possibility. A fuel is diminished. No one can of canny questions at the forecast at this stage how much Department of Energy. When is more onerous safety standards are going to grow, when a worldwide research effort still seeks to improve the safety of to-day's reactors.

This, then—not the problems associated with the plutonium it will breed and use, as its opponents have been so eager to stress—is the central problem of the fast reactor. Plutonium, toxic but nonetheless much-maligned, now looks like being very freely distributed around Britain by the early 1980s, before even the first big fast reactor is working in the form of plutonium-fuelled pacemakers implanted in tens of thousands of people with flagging hearts.

The fast reactor concept poses one very big problem. This is that it is going to be very difficult to arrive at a design which the nuclear inspectors—those highly independent watchdogs of public interest, reporting to the Health and Safety Commission—can declare represents no more of a public hazard than reactors now being ordered. The difficulty is inherent in the reactor concept. In order to impart the ability to

the only thing which will prevent the figure going higher still is shortage of capacity on the part of manufacturers. U.S. based flag makers are in the happy position of enjoying a virtually captive market, since patriotic Americans are reluctant to show their patriotism by flying flags made outside the U.S.

There seems little reason to suppose, therefore, that Mr. Gallagher, a Grade Three official, while Sir Edward Tomkins, the British Ambassador to France is Grade One, should need to entertain in lavish style. And it is stranger still that a single man should want a house with five bedrooms, three reception rooms, three bathrooms, a study and staff accommodation, of such ultra fashionable Avenue Foch—at the taxpayers' expense. His predecessors, though married, were perfectly content to live in slightly more modest surroundings in the almost equally

## MEN AND MATTERS

### Malcolm Horsman bows out

When Bob Clark of Hill Samuel and Jim Slater conceived the idea back in 1972 of putting together Bowater and Ralli International they found enthusiastic supporters in J. Martin Ritchie the Bowater chairman, and Malcolm Horsman, the man from the Slater Walker stable, who built Ralli up from almost nothing to an £80m. international trading company within three years. Now that Horsman has announced his intention to quit executive responsibility in the merged group just three years later—although remaining on the Board in a non-executive capacity—the inevitable rumours of conflict within the Boardroom have started.

For once the vehement denials which are the almost inevitable response to such rumours seem justified. Horsman is not arguing against his fellow directors, but against the trading environment in which he has been forced to operate: the policy of many major corporations in the current economic climate is one of retrenchment, and Bowater is no exception. This is hardly the sort of situation to suit Horsman's temperament since he has always been expansionist minded and a trader rather than a manufacturer at heart.

It was precisely because all the parties involved felt that Horsman's management style would be good for Bowater that the merger was pushed through against the alternative of a bid by Trafalgar House Investments for Bowater itself. But yesterday Horsman commented, "The economic situation has changed radically and I suppose I have changed too. The business is now on a maintenance basis rather than a creative basis, and I have always seen my main contribution as an imaginative one. That sort of contribution I can make just as well



"He's floating like a butterfly, stinging like a bee—first he leans to the left, then to the right—now a vicious jab—Horsford has this conference on the ropes!"

### Flying high

Any general recovery in the U.S. economy may be a slow process, but in one industry at least sales are booming. Normally Americans spend around \$20m. a year on flags, but with the bicentennial celebrations of the Independence it is estimated that sales of the stars and stripes will soar to something like \$60m. this year. It is quite probable that the only thing which will prevent the figure going higher still is shortage of capacity on the part of manufacturers. U.S. based flag makers are in the happy position of enjoying a virtually captive market, since patriotic Americans are reluctant to show their patriotism by flying flags made outside the U.S.

### House proud

Francis Gallagher, the British Ambassador to the OECD, inhabits a new residence in Paris which, as the Public Accounts Committee has discovered, cost £382,314. He is hardly the kind of person of whom one would suspect of such sumptuous tastes.

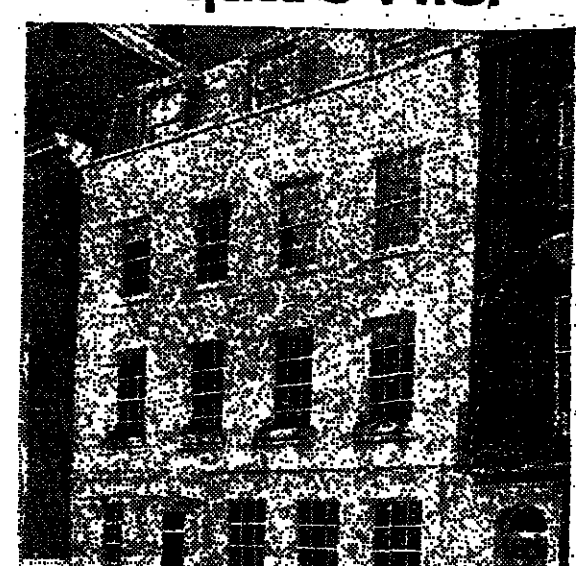
The beginnings of Horsman's disillusionment with Bowater can be traced back as far as 35-year-old bachelor diplomat, Hanson Trust fell through. Although he and James Hanson were keen on the deal the rest of the City was less so and the proposal attracted considerable criticism, founding finally suppose, therefore, that Mr. Gallagher, a Grade Three official, while Sir Edward Tomkins, the British Ambassador to France is Grade One, should need to entertain in lavish style. And it is stranger still that a single man should want a house with five bedrooms, three reception rooms, three bathrooms, a study and staff accommodation, of such ultra fashionable Avenue Foch—at the taxpayers' expense. His predecessors, though married, were perfectly content to live in slightly more modest surroundings in the almost equally

### Confidence

In his annual statement the chairman of Ball and Collins, Roland Shaw referred inter alia to his recent visit to the Sudan where he was negotiating terms of an oil production lease. Talking of a dinner given by the Minister of Industry he told shareholders, "The President graciously stopped in at this party and spoke to us for an hour. I may add that it was the following morning that an attempted coup d'état took place, but this was speedily put down by the President. I understand this was the thirteenth such attempt since the President assumed power some six years ago. It was my impression that the country is politically stable."

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# Why the Price Code has to go

BY  
R. E. UTIGER  
Managing Director,  
British Aluminium,  
and Chairman of the CBI  
Prices Negotiating Team

It is noticeable that because it is going to be an extension of the present legislation, the working of the Code beyond the original expiry date of March 31, 1975. The purpose of this article is to bring out the absolute necessity of abolishing the Price Code in its present form. If a change of profitable expansion for the benefit of the U.K. economy.

One of the most disturbing aspects of this problem is the lack of real understanding among most ministers in the economic departments of the damage already caused to British industry and the continuing and cumulative nature of the problem. The changes already made, including the investment relief and the safeguard provisions, are only limited palliatives which do not touch the main problems.

## Exposed

The complexity of the Price Code is such that discussion tends to get lost in a mass of technical detail, but the major problems can be readily exposed under the three main indictments of the Code: A—The Price Code discourages efficiency, and particularly investment for cost reduction. B—The historical basis for unit cost calculations and for profit reference levels, combined with certain "ratchet effects," means that, in most cases, it is impossible for an enterprise to recover from a bad starting point, and in some cases impossible to restore loss of margin suffered during the operation of the Code.

C—The Code prevents companies from producing an adequate profit and cash flow for investment and expansion. Companies, particularly those in industries having a cyclical pattern of trade, are prevented from making adequate profits

in "good" years to provide for the inevitable "lean" years. The safeguard provisions are quite inadequate to deal with these problems.

A The effect on efficiency. Under the unit cost system of control, any improvement in efficiency leading to lower costs is passed on in total as a deduction from allowable costs. Furthermore, since the percentage profit margin has to remain no higher than in the base period, lower cost means a lower profit in absolute terms. This can be illustrated quite simply, as in Table I. As a result of reducing allowable cost by 10 per cent, the profit per unit produced is also reduced by 10 per cent. Since most cost reductions involve considerable hard work, often with some risk in changing part of a process and difficult negotiations if manning levels are involved, it is obviously better not to bother.

The effect on investment designed to reduce cost is far more damaging, since there is no way to earn a return on the new investment. This is in stark contrast to one of the principles behind the Code—that investment should be safeguarded and encouraged. Again this can be illustrated arithmetically (Table II). The benefit to the company for investing £200 is £40/unit extra for one year (assuming that market forces allow the price rise) and minus 55/unit thereafter. How many Boards would approve an investment project presented in this way? Yet it is the correct presentation under Price Code.

B The impossibility of recovery. The historical bases of the Code are rapidly becoming an absurdity. The profit reference levels relate to the period 1967-1972, and the base date for prices is April 30, 1973. The reference does not allow a choice of the best two years out of five, but it

TABLE I  
THE EFFECT ON PROFITS

	Base period	After cost reduction
Cost	900	810
Profit margin 11.1%	100	90
Price	1,000	900

TABLE II  
THE EFFECT ON INVESTMENT

	Base period	After investment of £200 from retained earnings to reduce total cost by 10% savings fully allowable	Year 1 Investment committed	Later Years Savings achieved
Cost	900	900	810	
Depreciation on new investment	—	—	20	
Profit at 11.1%	100	100	80	92
20% investment relief (price surcharge 1 year only)	—	—	40	—
Price	1,000	1,040	922	

clearly cannot be flexible enough to allow for the changes taking place over nearly a decade.

The base date for prices is much more damaging. It relates to a very short period which followed a price freeze of six months and the Confederation of British Industry voluntary restraint of the 12 months preceding that, and there is no provision for taking an alternative period. All increases based on actual prices start from the actual prices of that arbitrary period (or of some later base date, if influenced by the first base date). If prices and margins happened to be low at that point, a company is locked

ship to actual productivity improvement which it does not want to do. It would still be taking away for the second time something already deducted in arriving at unit cost.

Costs disallowed under this heading are "lost" for ever for pricing purposes. The Government recognised the unbearable burden imposed by disallowing half of wage cost increases which had risen to the 30 per cent a year level, and the reduction of the disallowable proportion to a fifth, does not enable companies to recover what has already been lost, and the reduced profit margin continues into the indefinite future.

C The effect on profit and cash flow. The price control locks the manufacturer into a system whereby his profit margin per unit of output is continuously reduced by inability to recover part of his cost increases however much his efficiency improves. The only way he can even maintain his total profit is by selling more volume. But higher volume requires more cash to finance investment in new production capacity and working capital.

So the manufacturer has an insoluble problem. On the one hand, his ability to make a profit and thereby generate cash is being steadily eroded. On the other hand, he has to finance inflation in working capital at the same volume of business, and on top of that finance expansion in order to prevent his cash generation's declining further.

The effect of inflation on working capital was so dramatic and the phoney nature of stock profits so obvious that the Chancellor took the major step of removing the greater part of stock profits from tax calculations. This was really helpful, so and, it must be hoped, some of the things which will be perpetuated by the recommendations of the Sandilands Committee. But, not much help if margins were

despite repeated representations, the move was not matched by any parallel action to remove such stock profits from the calculations of the Price Code. Since these stock profits are still included in profit for reference level purposes, companies are in fact being restricted to earning true profits equal to their reference level minus any stock profits.

Taken together the above points add up to a system which diminishes the normal incentives to improve efficiency, removes any reward for cost saving investment, continually reduces profit margins, and leaves no chance of generating cash to finance inflation, let alone expansion. With the passage of time all companies will be forced down into the safeguard provisions.

## Inadequate

These were never envisaged as the norm in which industry would have to work and are totally inadequate in that context. The principal provisions are:

1—Prices may be increased so as to give a profit margin of 2 per cent on sales. This is derisory for most manufacturing industry.

2—Prices of individual products may be increased to give a profit margin on the individual product of 70 per cent of the profit margin at April 30, 1973. This is not much help if the margin at that date was already inadequate.

3—As an alternative to 1 and 2, the enterprise may raise prices to achieve 90 per cent of its overall margins before the base date, provided it can prove that the drop is due to the operation of the Code. This also is not much help if margins were

inadequate at the base date, and all stock profits would be included in the 90 per cent. The quarterly report of the Price Commission shows that a very large number of enterprises is now seeking to operate this safeguard.

4—Where return on equity capital is less than 10 per cent, prices and reference level may be increased to give 10 per cent return. At this level shareholders would be better off to invest in fixed interest stocks without risk.

The Government has got to recognise that it cannot have it both ways on consumption and investment. The Price Code is, in effect, an instrument which promotes consumption by holding prices below cost increases and discourages investment by reducing the funds available for it and by reducing the rewards from it. It works precisely contrary to Government intentions and the needs of the economic situation. Its effects are cumulative, and if industry once began to act on the assumption that its rules will apply indefinitely, the effects on investment would be most damaging.

Having been closely involved with the working of the Code, as a manufacturer, and with efforts through the CBI to remove some of the worst aspects, I am convinced that it is no good trying to modify a system which is fundamentally wrong, and which works against all other efforts to improve British industry. The Price Code must be abolished. This system based on a fixed historical position with "cost minus" adjustments can possibly give the flexibility needed for the management of change in British industry.

## Letters to the Editor

### Leads and facts

Feliden.

Neil Cassell (September 15) on the problem of industry support some "management" and "unmanagement" of the industry has not made any direction in the following the strike are in particular bit items of "Stop Go" make no claim for on of a well planned ramme when this is mid stream. In this there are better products all privately seems are vulnerable items of inflation and ability to re-creating under the present tem. This, added to the of the recession, future of private ven more uncertain. ces will always suring a personal service low overheads, but capable of carrying above a certain size, ch for restructuring industry one would some form of co-ice would emerge to ible the service that in to expect. Such a office would be able the overheads of it, information and that are necessary in of modern building. I hope that the co-ice would eventually the very large offices, ic or private, that give architects but little make a contribution. 15/ten.

D. Hanson.

### Non-executive distributions

Maurice Dean.

S. Derrick (September 15) that some Boards might be reluctant their most able, non-executive directors of other companies. This is undoubtedly one Boards but for them take a different ing no doubt that the verities, contacts and on balance beneficial. time past the Institute has been approach- with the suggestion should allow some Board members to non-executive work on rds. These approaches really had a good-res- some useful appoint- ment of directors, we Square, S.W.1.

### Journalists

Chairman, Woodhead and Co.

Jeffrey Owen's article (15) and subsequent advice, have given a airing to the role of directors. I hope will be more apprecia- boards that suggest non-directors, can be a cost-effective means of ent views to com- the executives and help corporate objectives. He is often under-valued effective than it could be.

be. With many businessmen the term "non-executive director" conjures up an image of too little effort, too much expense and, perhaps, too much "distinction" by appointment as a form of pension for long service, or because their name adds distinction to the newspaper. Because of this unfortunate image, I suggest an alternative title such as external director, commissioning the representation of outside (non-management) interests. Considerable numbers of high calibre people with a wide range of backgrounds and experience are able and willing to undertake the role of external director. The main prerequisites to carrying out the function effectively are: evaluation of the contribution required from external directors and selecting accordingly from candidates still in the main stream of business life and (with honourable exceptions), probably in the age bracket of 40-60, giving the optimum blend of experience coupled with the energy and ideas to make a real contribution.

A. B. Woodhead, Brian Woodhead and Co., 107, Earbottle Road, Edgbaston, Birmingham.

### Working at home

From Mr. Harry Henry.

Sir—The current argument about non-executive directors concentrates on whom they should represent, and ignores the question of what they are supposed actually to do. Turning up at a Board meeting once a month, with a brief report on papers, which may or may not have been circulated in advance (and which the executive staff could have prepared with an idea of minimising controversy) is not necessarily the best way of employing special skills or experience.

It is not difficult to pull the wool over the eyes of non-executive directors—a process good in the long run neither for the company nor the wool-pullers, though it can make their lives easier in the short term.

### Food from our own resources

From Mrs. C. Gillington.

Sir—There is no doubt that production of liquid milk is at present in excess of the country's requirements, even allowing for a surplus of milk in the summer months to compensate for lower yields in the winter. Mr. Jackson's claims (September 25) that half the dairy products are produced in this country, Sir James Barker (same issue) says a third, but they surely cannot be serious if they suggest that the whole requirement of dairy products in this country should be produced by British farmers.

At the price for milk that farmers claim they need in order to break even, the economic price of butter would be around 75p to 100p a pound, and if presented to the market at that price would very quickly result in no British butter being sold. To-day in the local supermarket, New Zealand butter was 26p a pound, and butter from a nearby English factory 38p per pound, and had in super print on the package "A blend of butter from more than one country." The only pure English butter I have ever seen is made by a local farm and sold at a local stall in the market. Perhaps it is the British butter packaging industry, rather than the British butter making industry which is in jeopardy. How does Sir James propose to cover the difference between

After all, some of the most spectacular business disasters of recent years have been in companies with the "distinction" of being non-executive directors, who clearly did not have the faintest idea what was going on.

One solution to these difficulties lies with the consultant director, whose commitments are not confined to attendance at Board meetings but include a reasonable level of homework as well. Being able to give adequate time to careful evaluation and interpretation of the information with which he is furnished, and to do a certain amount of discreet probing in his areas of special competence outside the Board room, he can arrive at an objective assessment of the company's larger problems of value not only to his non-executive colleagues but also to the executive directors, whose primary pre-occupations must necessarily be with the day-to-day tasks of keeping the business running.

The concept, though not novel, is not widely adopted. Yet it has been seen to overcome many of the problems which arise when the appointment of non-executive directors is simply a matter of patronage. Harry Henry, Harry Henry Associates, 1/4, Yarmouth Place, Brick Street, W.1.

### Unacceptable socially

From Mr. L. Coulthard.

Sir—A recent article in a London evening paper commenting on the property market in the South East noted that the more expensive houses are not selling because it is "socially unacceptable" (sic) to own a £30,000 house.

What a load of codswallop! No mention of inflation, economic slump, (un)statutory incomes control. No, the author inferred: people aren't buying houses at this level because they do not want to look more prosperous than their fellow Britons. I realise that several

the price of surplus milk and the price for butter? Would he produce such large quantities of milk that the value to the farmer would be expressed even further than it is at present? (b) ask the Government to subsidise the difference from the taxpayer or (c) exclude imports of cheaper butter and compel the public to buy British butter? The last would make a significant contribution to inflation and invite serious repercussions from the common agriculture policy of the EEC.

Neither Sir James nor Mr. Jackson have answered my plea (September 22) for more vegetables and soft fruits, although they form a staple diet for many families who can no longer afford much meat. This year they have been scarce, expensive, of poor quality and with very little variation.

It seems to me a great tragedy that farmers are so hostile and mistrustful of the general public. "Beer swilling and Bingo playing" was a description of consumers given on a farming broadcast recently. Surely there should be a consumer council in each region to bring the farmer, the consumer and the market sector together and try to produce all types of foods, not only dairy products from our own resources. (Mrs.) Cecil Gillington, Wick Corner, Pans Lane, Denizes, Wilt.

sociologists have postulated that the all-pervading blue-jeans swept the world because people "wanted to belong"—to get in the crowd—but it didn't take long for the jeans market to trade up so that some would appear more equal than others. Here we are in 1975 with the middle ranking manager told that at a salary of £3,500 he is too wealthy to justify a raise for the next 12 months, and that, in any event, the house he had his eye on would be socially undesirable, even if he could afford it. No wonder he is reeling! Leslie Coulthard, 122, Cromwell Tower, Barbican, E.C.2.

### The Community Land Bill

From Mr. K. Hanson.

Sir—I notice, with interest, the announcement by the Government to help, among others, the hard-pressed construction industry, by way of subsidy. Unemployment and under-capacity in this particular industry could best be helped by the Government without the payment of one penny piece. This could very simply be done by an announcement that the Community Land Bill which, in my opinion, is precisely what the authorities, is a completely unworkable piece of party political poppycock, should be scrapped; the present development gains tax and the proposed development land tax (both of which are at penal rates) should be abolished and tax on land brought into line with normal capital gains rates.

Such a move I hasten to predict would have an electrifying effect on a property market as a whole and land would again become readily available for both private and local authorities' house building programmes. At the present time, because of the penal rates of tax and despite the threat of nationalisation of development land which is precisely what the Community Land Bill is all about, people have just not put land in any quantity on the market and the basic material of this industry is land.

Additionally, there would once again be the incentive for those (dare I mention the phrase) in tree enterprise and who I know from long experience to be best qualified in commercial and industrial development to get on and put schemes which have long been on ice under way. I do not think that one has to be too much of a crystal gazer to forecast that if the legislation as it is now proposed proceeds to the Statute Book, the Government will for a very long time have to subsidise the construction industry, if there is any left to subsidise.

Kenneth E. Hanson, Dacre, Son and Bartley, Giltion Road, Otley, West Yorkshire.

### £3m. a month VAT loss

From Mr. D. Burke.

Sir—On my calculations, the Government is losing approximately £3m. a month in VAT, while the current price war is waging on petrol, flour, etc. Perhaps a member of the Treasury staff would be good enough to advise how this VAT loss is to be made good and how it is to be funded? D. J. Burke, 14, Widenall Road, Roborough, Plymouth.

## To-day's Events

High Court judgment decides whether further extracts from Crossman diaries may be published.

International Air Transport Association annual meeting continues, Oslo.

Science Research Council annual report published.

Financial Times two-day conference on World Telecommunications ends, Geneva.

COMPANY RESULTS

Advance Laundries (half-year).

Ready Mixed Concrete (half-year).

COMPANY MEETINGS

Daejan, Connaught Rooms, W.C. 12.

Dowty, Cheltenham, 11.15.

General Engineering (Radcliffe), Radcliffe, 12.

Howard Shuttering, Morden, 10.30.

Jarvis (J.), 239, Vauxhall Bridge Road, S.W. 11.

Joseph (Lopold) Investment Trust, 31, Gresham Street, E.C. 2.

Kwikform, Solihull, 12.

Linford, Winchester House, E.C. 10.30.

Nigerian Electricity Supply Corporation, Connaught Rooms, W.C. 12.

Reliance Knitwear, Altrincham, 12.

Routledge and Kegan Paul, 88, Carter Lane, E.C. 11.30.

Wearwell, 101, Commercial Road, E.11.

EXHIBITIONS

Business Efficiency Exhibition opens, Olympia.

British Computer Society's Data-fair '75 opens, Cunard International Hotel, W.6.

Modern Homes Exhibition opens, Kelvin Hall, Glasgow.

Below the Line—SPEC '75 Exhibition continues, Olympia.

Southern Floorcoverings Exhibition continues, Metropole Exhibition Centre, Brighton.

# Standard and Chartered Banking Group Limited changes its name

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# COMPANY NEWS + COMMENT

## James Neill tops expectations at halfway

REPORTING a better than anticipated taxable profit up by 27.32 per cent. from £1.17m. to £1.49m. for the first six months of 1975, Mr. J. Hugh Neill, chairman of James Neill Holdings, says the 12-month total should not be less than the £2.62m. earned in 1974.

Despite falling demand, output of this hand tool engineering group is being maintained at levels "not much lower than those at the beginning of the year," enabling the group to build up the extensive and balanced stocks needed to take advantage of the economic upturn when it comes, the chairman states.

First half earnings are shown to have improved from 4.1p to 5.3p per 25p share. The interim dividend is lifted from 1.85p to 2p net and the directors expect to pay the maximum permitted total—last year's final was 2.045p. The net asset value is given as 131.4p compared with 97.7p.

Mr. Neill tells members that in the U.K. the improved order intake will only be maintained—as far as the industrial trade is concerned—on the future trend of business activity. The hardware trade will depend on the future trend of employment and earnings.

In overseas markets demand has fallen and although competition is now very much keener, improved delivery which can now be offered should enable the group to increase its market share which in some countries, is still "relatively modest."

Turnover	1974	1975
U.K. Home	12,885	16,329
U.K. Export	2,394	2,864
Trading profits	1,761	1,507
Overseas	224	214
Associates loss	1	39
Investment income	21	39
Interest payable	1,821	1,821
12.5% Profit	1,000	1,000
Taxation	773	609
Minorities	—	—
Preference dividend	—	—
Extraordinary credits	—	—
Attributable Ordinary	528	563
Ordinary dividend	528	563
Retentions	—	—
Surplus on sale of investments	—	—

### comment

James Neill's pre-tax profits are 23 per cent. ahead on the comparable period and marginally up on the preceding six months. Trading margins in the U.K. companies have widened by nearly a fifth over the previous year, a reflection, presumably of better production rates and the sizeable price rises in export markets instituted last year. Despite a continuing rise in interest charges, the group is taking a constructive view of its mounting stock levels—it began the year with a work-

### HIGHLIGHTS

The long-awaited rights issue from Grand Metropolitan has now arrived, raising close to £27m. by a one-for-seven offer to shareholders at par; profits for 1974-75 of at least £38m. are forecast. Comment appears in the Lex column where there is also discussion of the interim figures and prospects of the mail order house Freemans (London S.W.9). Carpet makers Mowbray turn in results showing profits down by one third but export trade is encouraging and the position in Australia is improving. Engineers and toolmakers James Neill at the half-way stage are doing better than had been expected, while Hestair's first-half profit is far ahead of the comparative period and the statement is confident of continued progress. Increased turnover at Watts Blake Bearnie has enabled profits to be fully maintained and there is hope of an upturn next year. Winn Industries' profits are up by a quarter and the statement is encouraging. But Gross Cash has been forced into the red by the cost of developing new electronic registers.

ing capital base of £14m. or over one-half of capital employed. Production for stock is costly on a marginal basis, overruns are spread further, deferred tax relief is available to finance the investment and a marketing advantage is secured when distributors begin to restock. However, the upturn in borrowings, which amounted to 50 per cent. of shareholders' funds last year, is reflected in a prospective yield of 11.5 per cent. at 60p and profits, despite the support of stock appreciation, are likely to be lower in the second half.

## Brasway poised to expand

Iron and steel scrap processors and steel stockholders, Brasway experienced growth "in real terms" in the 53 weeks to May 3, 1975, and the chairman, Mr. R. A. Swaby, feels the future can be "faced" with added confidence. Due to the present economic situation, however, the rate of growth may have to slow down, but the underlying industrial base has been further strengthened with the result that "we are well poised to take off from a higher plateau" when circumstances permit, he declares. As reported on August 21, group pre-tax profit for the past year was £855,376 (£515,368), and the dividend is a maximum permitted 1.965p net—in cash or shares. Meetings, Walmley, Sutton Coldfield, October 14, noon.

## Gross Cash £1.2m. first half loss

REFLECTING THE considerable cost of introducing the new electronic range of registers, and severely depressed overseas markets, Gross Cash Registers reports a turnaround from a profit of £181,000 to a loss of £118m. in the half year ended March 31, 1975.

The directors estimate a much reduced loss for the second six months and are planning for a return to profitability during the first half of 1976-76. Referring to the erection of office premises at Brighton (now completed) they point out that this was financed through a Euro-Dollar loan on which an exchange loss of £150,000 has been incurred. To improve the group's cash position it has entered into a sale and leaseback of these premises which has realised some £2.5m. in cash and a resulting capital profit of £1.8m.

Members are told that with most of the problems of the new electronic range dealt with, steady increases in total factory production are beginning to have a beneficial effect on production costs. This has provided increased opportunities for selling on overseas markets resulting in an improved order book. Higher sales should now be achieved, the directors state. They have decided to write off all research and development expenditure. Henceforth these costs

will be written off as incurred rather than carried to future periods. The interim dividend is 0.77p net (same). For the year ended September 30, 1975, a total of 2,441,500 was paid from profits of £274,000.

Turnover for the first half amounted to £4.85m. (£4.38m.). There is a tax credit of £30,000 (£33,000 debit) leaving the net loss at £285,000 (£288,000 profit).

### comment

The evolution of the new generation of sophisticated electronic machines by Gross Cash combined with the company's conditions have brought the company down with a bump. The development of the machines has been costlier and more time consuming than it had been anticipated, but the impact has been limited and some of the major factors have turned in substantial losses. Costs of development reach over £3m. so far, but to a large extent this has been offset by the £1.5m. profit on the sale and leaseback operation, and borrowings (currently around £11m.) are lower than a year ago.

Competition overseas is becoming heated and as a half of sales is destined for export this is a serious matter. However, the group is fighting back with a new range of machines at the lower end of the market, and sales of electronic machines are flowing in. So, 1975-76 should see some recovery, but meantime the Board has strong hopes of holding the dividend, and the yield of 10.9 per cent. at 35p looks safe.

## Winn's margins maintained

ON A turnover up from £7.15m. to £8.53m. in the first half 1975 pre-tax profit of Winn Industries—increased from £334,000 to £403,000. Margins were maintained against considerably higher costs and growing competition, says the chairman, G. C. Howard. Most of the subsidiaries traded satisfactorily and exports continued at the previous high level. Improvements were also maintained in the two subsidiaries which had been trading at a loss. Having regard to world conditions, and particularly the home climate, order books for the remainder of the year are satisfactory and the interim dividend is maintained. Coupled with the chairman reports "very satisfactory" cash flow position. The present economic climate and the nationwide need for voluntary restraint indicate that the interests of the group and holders would best be served by maintaining the present level of dividend.

An unchanged interim of 7.5 per cent. gross, is therefore declared and the directors reasonably expect to recommend a maintained total of 16.25 per cent. Profit for the year 1974 was £265,000.

Half-year	1974	1975
Turnover	7,150	8,530
Profit before tax	334	403
Taxation	24	174
Preference dividend	—	—
Attributable Ordinary	310	229
Ordinary dividend	310	229

### comment

Interim profits at Winn Industries are ahead by a fifth on a sales basis of a quarter, but the profit mix has changed radically. Engineering has overtaken Building as the main contributor to group profits, largely because of loss elimination and strong export performance, while Property and Services returns are well down. Significantly, however, the growth in overseas business comes from concentration on low volume, high margin products, and the concentration on specialist areas is justified by competitive pressures experienced elsewhere in the group. Freight container profits, for example, are well down. The planned cut in borrowings, like the unchanged dividend, emphasises the defensive posture and at 24p, the yield is just under 14 per cent.

## Brent Chemicals expansion

FROM ORGANIC growth, sales of Brent Chemicals International expanded from £3.01m. to £4.73m. in the first half of 1975, and pre-tax profit increased from £2.1m. to £2.53m. The figure for the year 1974 was £2.7m.

Stated earnings per 10p share for the half year increased from 3.5p to 5.9p, and the interim dividend is stepped up from 0.5p to 0.75p net. Last year's total was 1.53p.

Overseas companies contributed to the half year growth, particularly good advances in Spain and Belgium, and direct exports developed strongly. U.K. operations continued to expand profitably, says the chairman, Mr. J. S. M. Jones.

The performance was accomplished by increasing the group's market share and extending the product range—it demonstrates the group's capacity for sustained

King & Shaxson	£2	£10	£20	£50	£100	£250	£500	£1,000
Edgewood	—	—	—	—	—	—	—	—
Edgewood	—	—	—	—	—	—	—	—
Edgewood	—	—	—	—	—	—	—	—
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THE NEW THROGMORTON TRUST LTD.  
Capital Loan Stock Valuation—30th September, 1975  
The Net Asset Value per £1 of Capital Loan Stock is Nil.  
Securities valued at middle market prices.

### DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding div. for year	Total last year
G. R. Dawes	3.5	Jan. 2	3.5	3.5
Estates and General Int.	0.5	Jan. 5	0.5	0.5
Freemans (S.W.9) Int.	2	Dec. 6	1.5	4.5
Glanfield Securities	7.25	Dec. 10	4.75	11.25
Green Group Int.	4.0	Nov. 14	3.0	3.0
Gross Cash Registers Int.	0.77	Nov. 14	0.77	2.44
Hestair Int.	1.56	Dec. 1	0.99	2.87
City London Brewery Int.	0.5	Nov. 28	0.45	—
Brent Chemicals Int.	0.75	Dec. 12	0.2	1.53
Hamfray Int.	3.65	Dec. 12	3.2	4.61
C. H. Johnson Int.	Nil	Nov. 1	0.6	2.1
Lloyds Indust. Int.	1.6	Nov. 1	1.4	—
James Neill Int.	2	Nov. 14	1.95	4
Potgietersrust Plats. Int.	5(c)	Jan. 8	5	21
Scottish Metropolitan Int.	0.94	Jan. 8	0.76	1.74
Tosnain Distillers Int.	0.81	Nov. 14	0.76	1.68
Union Platinum Int.	4.95(c)	Nov. 14	13.66	4.96
Waterval Plats. Int.	5.2(c)	Nov. 14	13.2	21.4
Watsons Int.	0.72	Nov. 6	0.72	2.46
Watts Blake Bearnie Int.	1.06	Nov. 14	1.0	1.34
Winn Industries Int.	7.5(b)	Nov. 24	7.5	18.26
Volsteadholme Bronze Int.	2.75	Nov. 14	2.5	6.01

Volsteadholme shown per share net except where otherwise stated. (a) On capital increased by rights and/or acquisition issues. (b) Gross throughout. (c) Per cent. gross throughout. (d) South African cents.

### long-term expansion, he adds.

The group is in a strong trading and financial position and is operating well within its established credit facilities. The business is currently running at a level in excess of targets. Management plan to continue "careful expansion."

Half-year	1974	1975
Sales	4,728	5,807
Trading profit	31	41
Interest charges	—	—
Profit before tax	31	41
Tax	229	138
Minority interests	—	—
Extraordinary credit	—	—
Dividends	39	51

### comment

An interim pre-tax profit gain of 72 per cent. shows that Brent Chemicals remains firmly on the growth track. Volume has risen by 25 per cent. within a sales margin of 38 per cent. and pre-tax margins are nearly a point wider. In the U.K., manufacturing is sub-contracted to larger companies with surplus capacity, and marketing of cleaning, testing and coating products is aimed at the largely unoccupied zone between the general and chemical industries. In the overseas companies, with almost one-half of profits, the group has its own manufacturing facilities and expansion here has been rapid in a specialist market. The upshot is a high return on capital and borrowings ratios, under strain from rising working capital costs in recent years, are scheduled to fall noticeably by 1976 with the sale of the group's Brentford site (yielding a rental of £25,000 annually) in the office. Pre-tax profits seem likely to exceed £1m. this year for a prospective profit of £7.7 at 81p, while a 37 per cent. increase in the net interim dividend payment may imply a good improvement on the present yield of 3 per cent.

## C. H. Johnson profit slump

Makers of fine mesh wire cloth, C. H. Johnson and Sons, reports a slump from £212,000 to £42,000 in group pre-tax profits for the half-year ended June 28, 1975. Earnings per 25p share are stated to have fallen from 5.1p to 1p or 0.6p. There is no interim dividend compared with 0.8p net. For the previous year a total of 2.1p was paid from profits of £298,000. First-half turnover improved from £1.41m. to £1.58m. Net profits emerged at £20,000 (£102,000) after tax of £22,000 (£110,000).

Activities include engineering, die-casting, building materials and concrete products, packaging and printing. The present economic climate and the nationwide need for voluntary restraint indicate that the interests of the group and holders would best be served by maintaining the present level of dividend.

Half-year	1974	1975
Turnover	1,410	1,580
Profit before tax	212	42
Taxation	298	110
Preference dividend	—	—
Attributable Ordinary	114	22
Ordinary dividend	114	22

### comment

Interim profits at Winn Industries are ahead by a fifth on a sales basis of a quarter, but the profit mix has changed radically. Engineering has overtaken Building as the main contributor to group profits, largely because of loss elimination and strong export performance, while Property and Services returns are well down. Significantly, however, the growth in overseas business comes from concentration on low volume, high margin products, and the concentration on specialist areas is justified by competitive pressures experienced elsewhere in the group. Freight container profits, for example, are well down. The planned cut in borrowings, like the unchanged dividend, emphasises the defensive posture and at 24p, the yield is just under 14 per cent.

### ISSUE NEWS AND COMMENT

## G. R. Dawes re-listing

BY MARGARET REID

APPLICATION HAS been made to the Stock Exchange for the re-listing, after an interval of more than two years, of the shares of G. R. Dawes Holdings, the Birmingham-based banking and industrial concern formerly named Neville Group. The shares, then standing at 133p, were suspended from quotation at the Board's request on July 11, 1973, in connection with a major re-structuring of the group following the sale of the much-rising subsidiary Country Kitchen Foods.

The capital of the G. R. Dawes banking subsidiary, which it was planned to re-list, was increased to £2.5m. in October 1973. But the development soon afterwards of the upheaval in the secondary banking industry made for a climate until now unpropitious to the re-structuring. They will be re-introduced with the capital in unchanged form—£1,554,000 Ordinary shares of 25p and dealings are expected to begin again on Tuesday, October 7.

It was announced yesterday that group profit before tax and extraordinary items had risen in the year to March 31, 1975 to £1,64m. from £1,15m. turnover being £6.7m. (£4.4m.). There is an extraordinary debit of £268,000 representing amounts written off goodwill and long-term investments—against a previous year extraordinary credit of £1,53m., largely reflecting profit on sale of subsidiaries.

Group business consists of the G. R. Dawes banking concern, whose operating profit (on a fully disclosed basis) was £244,000 in 1974-75, against £304,000, together with certain industrial subsidiaries. Interests in associates and other quoted and unquoted investments.

The 1974-75 operating profit from the trading activities was £1m. against £525,000, and the share of that of associates (notably the quoted Centway Securities, in which the group holds 43.6 per cent., which may rise to 47.65 per cent.) £11,000 (£392,000).

Profits before tax and extraordinary items have been on a rising trend for some years past, having increased from £254,000 in 1970-71 to £1.1m. in 1972-73.

The Dawes banking side, it is stated, has never been dependent to any extent on money markets for financing its portfolio of loans and advances and was not directly affected by the secondary banking upheaval. (It has never had recourse to help from the banks' "lifeboat.") But indirectly its banking business was and continues to be, affected by the loss of confidence and activity in the secondary banking sector.

Deposits at the end of March, 1975, were lower at some £10m. than the £18m. a year earlier, and since then, in connection with a new statutory definition, some £1.2m. of solicitors' clients' money has had to be withdrawn.

Loans and advances are predominantly secured on property and provision has been made for any doubtful amounts. Of the £4.5m. advances at end-March 1975, £888,000 related to advances both overdue for repayment and revalued, by reference to the

## Grand M rights

Underwriting has been completed by S. G. War and N. H. Roberts for a rights issue of 10p of £5,776,321 shares of 50p at par, are being offered on one-for-seven basis (for which shares will rank) of £5.284, against 133 profits during the year. The directors estimate tax profit for the year ended September 30, 1975 as £38m. against £33 profits during the year. In the absence of circumstances they dividend (for which shares will rank) of £5.284, against 133 profits during the year. The directors estimate tax profit for the year ended September 30, 1975 as £38m. against £33 profits during the year. In the absence of circumstances they dividend (for which shares will rank) of £5.284, against 133 profits during the year.

Brokers to the issue are Gordon and Cazenove.

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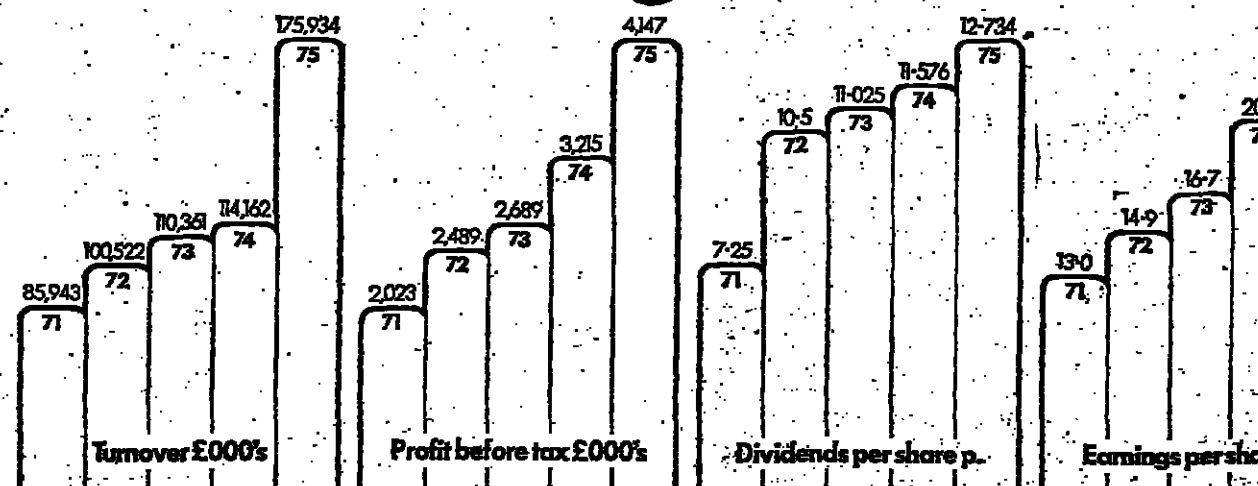
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Securities valued at middle market prices.

## Real growth





## G. R. Posts slash Freemans' re-listing first half margins

ON of 8.4 per cent. to £3.6m. in pre-reported by Freemans 21, the mail order 23 weeks ended 1975, on a turnover of 97.5 per cent. ahead at

Mr. Anthony is a director for the able but remains during the next few up can continue to be the rate of inflation being undertaken to profits will improve

ly comparable basis sales increase was the remainder coming into sales, stock down by agents and faster than had many years. in profit underlines pressures of inflation costs and the effect in value of sterling from abroad. To nt profit has suffered tans' refusal to ex- onger-term objectives m' benefits, says the

see the latest rise in as or "a shock". The September 1975 rise the year ended January 31, 1975 had added £4m. to total bill to the Post. full year.

21 weeks 1975 1974 1973 1972 1971 1970 1969 1968 1967 1966 1965 1964 1963 1962 1961 1960 1959 1958 1957 1956 1955 1954 1953 1952 1951 1950 1949 1948 1947 1946 1945 1944 1943 1942 1941 1940 1939 1938 1937 1936 1935 1934 1933 1932 1931 1930 1929 1928 1927 1926 1925 1924 1923 1922 1921 1920 1919 1918 1917 1916 1915 1914 1913 1912 1911 1910 1909 1908 1907 1906 1905 1904 1903 1902 1901 1900 1899 1898 1897 1896 1895 1894 1893 1892 1891 1890 1889 1888 1887 1886 1885 1884 1883 1882 1881 1880 1879 1878 1877 1876 1875 1874 1873 1872 1871 1870 1869 1868 1867 1866 1865 1864 1863 1862 1861 1860 1859 1858 1857 1856 1855 1854 1853 1852 1851 1850 1849 1848 1847 1846 1845 1844 1843 1842 1841 1840 1839 1838 1837 1836 1835 1834 1833 1832 1831 1830 1829 1828 1827 1826 1825 1824 1823 1822 1821 1820 1819 1818 1817 1816 1815 1814 1813 1812 1811 1810 1809 1808 1807 1806 1805 1804 1803 1802 1801 1800 1799 1798 1797 1796 1795 1794 1793 1792 1791 1790 1789 1788 1787 1786 1785 1784 1783 1782 1781 1780 1779 1778 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over the worst of its volume declines in the U.K., textiles are breaking even this year and Australia is clearly recovering. At home carpets now have the pressure of hardening raw material costs on the tuff side to add to weak demand. But Australia actually managed some modest volume gains through January-June, and a recovery there—it accounted for 37 per cent of pre-tax profits in 1975-76—could be important for Homfray's earnings. At 81p the shares yield 13.3 per cent, covered one-and-a-half times. Net worth extends to around 113p, and the group balance-sheet has a long way to go yet before it comes under any real pressure.

Watmoughs falls £34,000 at halftime

Colour printers, publishers and engravers, Watmoughs (Holdings) reports a decline from £128,000 to £94,000 in the group pre-tax profit for the six months ended June 30, 1975, with earnings per 25p share showing a fall from 2.62p to 1.91p. Results were affected by a number of non-recurring factors. A national overtime ban caused contracts due for completion in the first half to be extended into the second; also only a small contribution was made by Watmoughs' gravure development.

In addition a decision was made to accelerate the changeover to offset litho of two offshoots, and in this connection deferred re-

venue expenditure has been incurred in the half year of some £70,000 which will be written off in the second half or subsequently, the directors state.

Over the past two years the group has been committed to a substantial gravure development which has involved an investment of over £1m. Throughout this period there has been little contribution to group profits from this development.

Despite difficult conditions the directors continue to have confidence in the long-term progress of the group. They believe that with an improvement in the country's economy it is well-placed to advance profits to much higher levels.

The net interim dividend is unchanged at 0.72p, absorbing £18,200. Depending on second half results and prospects the directors hope to increase the final by the maximum permitted. For 1974 a total of 2.44p was paid from profits of £271,000.

Business at the cinemas continued to improve during the half year. The increase in trading, including the profit from Amalgamated Entertainment (Waterford), acquired in April, 1974, made up for a fall in investment income, says the chairman, Mr. K. T. Anderson.

It is likely that there will be a downturn in second-half profits, but the final results should be reasonably satisfactory in all the circumstances, he adds.

The directors continue to consider proposals aimed at expanding the business.

Green Group mid-term growth

Group profit of Dublin-based cinema operators, The Green Group, increased from £55,800 to £130,200 in the half year to April 30, 1975, subject to tax of £85,300, against £28,200.

Stated earnings per 20p share advanced from 4.35p to 11.03p, and the interim dividend is lifted from 3p to 4p gross. Last year's total was 8p from pre-tax profits of £188,700.

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Antony Gibbs improves

The directors of Antony Gibbs Holdings state that although there are aspects of the current distribution in both the U.K. and Australia economies which may adversely affect the annual results, the directors are confident that there will be a "material reduction" in profit for the year compared with the £9.98m. of the previous 12 months.

The interim dividend per 25p share is 0.81p net, compared with 0.78p adjusted for the one-for-four scrip. Last year's total was equal to 2.28p.

The half-time profit includes production for five months since profits arising from production in 1974 were included in the 1974 accounts, the chairman explains.

This is so, after excluding being but the incidence of high short-term interest rates in the U.K. has had its effect on this still expected to break-even for the year.

The interim dividend is 0.63p net. For the 18 month period to 30 September 1975.

The directors are of the opinion that the company is well-placed to advance profits to much higher levels.

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It is likely that there will be a downturn in second-half profits, but the final results should be reasonably satisfactory in all the circumstances, he adds.

The directors continue to consider proposals aimed at expanding the business.

Tomatin decline midway

Reflecting the reduced demand for fillings first-half 1975 profit of Tomatin Distillers dropped from £33,729 to £243,044 and the chairman, Mr. R. S. H. Callaghan, warns that unless there is a revival in demand there will be a "material reduction" in profit for the year compared with the £9.98m. of the previous 12 months.

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Br. Northrop profit



## INTERIM STATEMENT

# freemans

Mail Order

Interim consolidated financial statement for the 28 weeks ended 9th August 1975

All figures are subject to the year-end audit

£000's	28 weeks ended 9th Aug. 1975	28 weeks ended 10th Aug. 1974	52 weeks ended 25th Jan. 1975
Turnover	70,169	50,816	105,283
VAT	5,053	4,091	7,762
	65,116	46,725	97,521
Trading Profit	4,240	4,258	8,178
Interest payable	585	473	1,139
Profit before taxation	3,655	3,785	7,039
Taxation	1,901	1,968	2,956
Profit after taxation	1,754	1,817	4,083
Dividend	462	416	1,047

## Interim Dividend

Total dividends in respect of this financial year are currently limited by the Government to a maximum of 4.83739p per share. As this would represent considerably less than the profit after taxation earned during the first 28 weeks reported above it is reasonable to expect that the full permitted payment will be recommended. In these circumstances slightly more than 10% has been added to the interim dividend which is increased from 1.8p per share last year to 2.0p per share. It will be paid on 6th December to shareholders on the register on 14th November 1975.

## Sales

The increase in sales is a highly satisfactory 38.1%. On a basis strictly comparable with last year the increase is some 31%, the remainder coming from turning into sales stock held on approval by agents and customers faster than had occurred for many years. This was made possible by improvements to staffing levels and computer equipment introduced recently.

## Profits

In these times a drop in profit before taxation of 3.4% does little more than underline the intense pressures of inflation on internal costs, particularly wages, postage, carriage, printing and stationery, and the effect of the fall in value of sterling on purchases from abroad. To a small extent profit has suffered from our refusal to exchange our longer-term objectives for short-term benefits. Reference has been made in the last paragraph to increased staffing levels in the crucial area dealing with agent communications where the im-

provements to service so wrought will be highly beneficial in time to come.

## Outlook

The change in credit terms in the autumn/winter catalogue whereby less than the traditional 20 week credit is offered on balances under £25 seems to have been accepted by all but a tiny minority of our customers. This tends to confirm that shorter credit on the smaller balances, coupled with competitive prices, suits our customers, while the better cash flow and lower interest payments are a benefit to the company.

The September rise in postal charges was a shock, adding to the large increases in June 1974 and March 1975. The March and September 1975 rises alone could have added £4m to our total bill to the Post Office in a full year. Reductions in the volume of outgoing mail have been achieved and more are planned and, although parcel delivery increases will not be known until a new contract is negotiated in 1976, it is probable that significant changes will then be made in methods of delivery. All of this is designed to lessen the impact of those increases.

Present conditions make sales, and therefore profit, forecasts for the rest of this year imprudent, if not impossible. However we remain convinced that, during the next few years, we can continue to expand and that, helped by the likely fall in the rate of inflation and work presently being done to reduce costs, profits will improve significantly.

Anthony Rampton  
Chairman

30th September 1975

Freemans (London SW9) Ltd. 139 Clapham Road London SW9 0HR

## Hestair well up so far—to top £2.1m

RECORD PROFITS in excess of the £2.0m achieved in 1974-75 are forecast for the current year of Hestair by chairman Mr. David Hargreaves in his interim report, which reveals a jump from £880,000 to £1.18m after the first six months ended July 31, 1975.

Looking further ahead, the chairman feels that 1976 will be a tough year for the U.K., but the momentum of activity within Hestair is already rising to meet its challenge. "We shall be prepared and expect to make further progress," he declares.

In the first half of 1975-76 every company in the group increased its profits, except Angel Toy which experienced a return to normal sales patterns compared with the advance buying early in 1974 due to the threatened shortage of plastic powders.

After tax and minorities the attributable balance emerges ahead from £362,000 to £604,000—actual earnings per 25p share are stated to be up from 4.1p to 6.1p and from 3.6p to 5.9p fully diluted.

The interim dividend is raised from 0.863p to 1.50p net. The total for 1974-75 was 2.873p.

Referring to group liquidity the chairman says the success of the May rights issue, the disposal of the Staines Group, and the strict management of cash have led to a big improvement in the overall borrowing position. With the more profitable second half to come, and the likelihood of one or two further small capital receipts, there will be a "very substantial" improvement in the year-end balance sheet.

To assist holders in assessing the improvement the group has prepared a pro-forma balance sheet at July 31 adjusted for the disposal of the Staines Group. This shows net tangible assets of £544m compared with £317m at January 31 last. Deposits, bank loans and overdrafts total £3.9m (£2.9m) against which there is cash of £719,000 (£226,000). There are also medium term bank loans of £4.1m (£4.05m).

In considering the balance sheet figures the chairman feels it should be remembered that July is close to the seasonal borrowing peak and that bank overdrafts fall quite sharply after mid-October.

## ● comment

Hestair's 73 per cent advance in profits looks spectacular, and the market put the shares up 2p to 67p yesterday, a full day; at this level the prospective yield is 7.6 per cent. The group itself concedes however that there is an element of recovery rather than growth behind the increase, and other factors, like the Middle East penetration, may be more significant interim highlights.

Certain Motors record order of £5.6m comes from the Middle East, about half the Special Vehicle Division order book de-

rives from the same area, and the seed drilling side has just made a "break through" order in Iraq. Advance payments of £1.5m—in the balance sheet as deposits—help finance the order book to some extent, but Hestair reckons this is not a material benefit since the bulk of subsidiaries are self-financing so bank borrowings like working capital requirement, should fall in the second half.

## Lloyds Industries upsurge

THE TRADING improvement experienced by Lloyds Industries International in the second half of last year has continued into the current year with pre-tax profits 58.8 per cent higher at £370,000, from a sales increase of 33 per cent for the 28 weeks to September 12, 1975, compared with the corresponding period of the previous year.

And, although the anticipated further progress in the second half will not be at the "exceptional" rate of the first, chairman Mr. Heywood confirms his "highly satisfactory" results for the full year. For the year to March 1, 1975, pre-tax profits were £453,000 against £337,200 in 1974.

On the basis that the maximum permitted total net dividend for the year is 3.3p per 10p share, against 3p, the directors have lifted the interim from 1.3965p to 1.5p.

Mr. Heywood reports that in the U.K. a number of new lines contributed to a much improved performance from the food business also produced higher profits.

Overseas, benefits of the expansion programme in Australasia, first realised towards the end of last year, were further demonstrated with a sales increase of 118 per cent and a profit contribution of £72,000 pre-tax compared with £2,000 at this stage last year and an annual rate of some 50,000 before the investment programme began.

The success of this venture will now produce a much wider spread of earnings for the group, with a far higher proportion being earned overseas, the chairman says.

Mr. C. R. Hunt, general manager of the Overseas Division for the past year, has been appointed to the Main Board.

## Walthamstow Stadium repeats 18p

Turnover of Walthamstow Stadium increased from £102m to £117m in the year to November 30, 1974, and pre-tax profit advanced from £224,387 to £314,108.

A final dividend of 10.3p makes a same again total of 18p. Results showed a very satisfactory improvement but a sharp fall in the market value of quoted investments and a consequential write-down absorbed all but £23,408 of the group's reserves.

The remaining balance was insufficient to cover the interims already paid.

There was some general recovery in share prices since the year-end, and a number of quoted investments (not GRA) subsequently sold and the proceeds added to the market value of the remainder at July 18, 1975, producing £385,280—£135,000 in excess of the aggregate market values at November 30, 1974.

It is difficult to forecast the year's view is based on the balance-sheet which shows a "strong picture." Net tangible assets per 12 1/2p share have increased by 20 per cent, and earnings per share have made "satisfactory progress."

As reported on September 10 turnover and fee income expanded from £11.49m to £15.41m in the year to March 31, 1975, and pre-tax profits advanced from £2.03m to a record £2.75m. The dividend is 3.844p (3.745p) net.

Meeting, Winchester House, EC, on October 23 at noon.

## Esperanza optimistic

EVEN IN the present uncertain economic conditions, the directors of Esperanza Trade and Transport remain optimistic in regard to the growth of activities and profits, says Lord Kissin, the chairman, in his annual statement.

The Board believes the organisation has made and is capable of making "considerable further progress." Profits from copper—always unpredictable—will continue to play a part, but their contribution is expected to diminish in importance in relation to the progress expected from the service areas.

In judging prospects, the Board's view is based on the balance-sheet which shows a "strong picture." Net tangible assets per 12 1/2p share have increased by 20 per cent, and earnings per share have made "satisfactory progress."

As reported on September 10 turnover and fee income expanded from £11.49m to £15.41m in the year to March 31, 1975, and pre-tax profits advanced from £2.03m to a record £2.75m. The dividend is 3.844p (3.745p) net.

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## General Cable International N.V.

Guaranteed Floating Rate Loan Notes 1980

In accordance with the provisions of the above Notes, Irving Trust Company, as Fiscal Agent, has determined the Rate of Interest payable with respect to Coupon No. 11 on Wednesday, March 31, 1976 to be Nine and Three-quarters per cent (9 3/4%) per annum.

October 1, 1975

Irving Trust Company, Fiscal Agent

October 1, 1975

October 1, 1975

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## Hume outlook favourable

HUME HOLDINGS should be able to continue to progress, and provide in the future some alleviation from the effects of inflation, and results should continue to compare favourably and competitively with many other investment trusts, according to Mr. James Scrimgeour, who retired as chairman in June.

As known, revenue for the year to June 30, 1975, before consolidating the results of associates, increased by 13 per cent to £1.45m. The results, says Mr. Scrimgeour, mainly reflect the continuing high degree of liquidity and high rates of interest received.

The reduction of £0.26m in net revenue of associates arises from Hume's share of special provisions of £1.7m, which Hume Corporation, the banking associate, has made for bad and doubtful debts.

Since the year-end the holding in Hothlyn Corporation has been sold and Mr. Scrimgeour estimates that the net proceeds will be reflected in an addition to the net asset value in the current year of about 3p per share.

The property portfolio held through shares in subsidiary and associates is a sound one comprising modern buildings let at fair market rents he states. Many will shortly be subject to substantial reversions in respect of leases signed during the last ten years.

The element of non-income producing developments has never been excessive and no problem of interest payments/revenue imbalance has ever seriously affected the company, he adds.

The new chairman, Mr. J. K. Dick, confirms that careful projections for the current year indicate that the company could at least maintain the dividend total of 2.7925p net paid in 1974-75 to holders of "A" shares, even assuming full dilution if there is complete conversion of "B" shares into "A" and of the Convertible Unsecured Loan Stock.

At year-end Rothschild Investment Trust acquired 57.3 per cent of the company's "A" and "B" shares.

A statement of source and application of group funds shows a decrease in net loan and bank borrowings of £0.8m (£1.35m). Meeting, Winchester House, EC, October 23 at noon.

## Wolstenholme

### Bronze profit falls

FIRST HALF 1975 group turnover of Wolstenholme Bronze Powders decreased from £3.42m to £2.42m, and profit contracted from £326,965 to £319,017, subject to tax of £162,512, against £208,272.

The turnover for 1974 was distorted by the excessively high copper prices prevailing at the time, therefore the volume decline is not as great as would appear, points out the chairman, Mr. P. L. Rink.

The drop in profits of approximately 25 per cent has to be seen in the context of the current depression, he adds.

The company cannot hope to sell this year the quantities which would enable it to utilise the capacity to the full, but business has improved during the second half and having operated for most of the year on a four-day week the company is now extended to a five-day week.

The directors view the future with a greater measure of confidence than in the earlier part of the year. The large export market should enable advantage to be taken of sales opportunities in those countries where recovery in economic activity is likely to occur earlier than in the U.K.

Whether the forecast economic recovery will come early enough to affect profit for the rest of 1975 or whether it will be delayed until 1976 is impossible to say, but Mr. Rink hopes that 1975 profits will enable payment of the maximum permitted dividend and

that it will be covered. The interim payment up from 2.5p to 2.75p share, costing 167.3p (167.3p in shares), total was £0.14m from £0.11m.

Meeting, Winchester House, EC, October 23 at noon.

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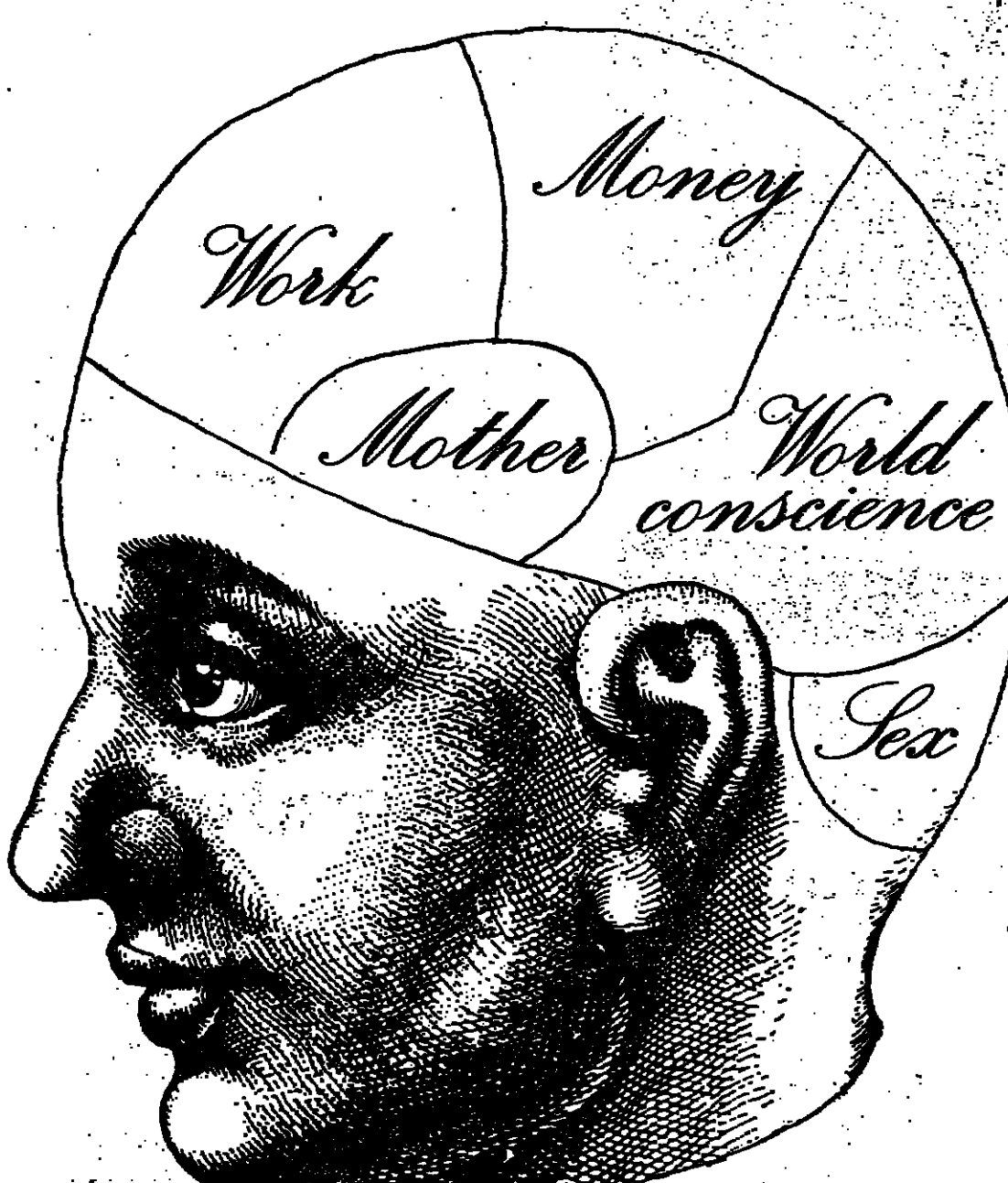
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## The Swedish mind.



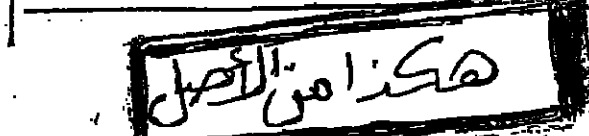
People have such strange ideas of the Swedes. But when it comes to it, we probably aren't very different from other nationalities. Work and money dominate our thinking the same as theirs.

But anyone who is planning to break into the Swedish market will require a banking contact with a more detailed picture of the Swedish mind.

PKbanken—short for Post- och Kreditbanken—has the capacity, the experience and the right touch. We are no mind readers but after all we are Swedes.

So in doing business with Sweden and the Swedes, PKbanken is the perfect co-ordinator.

Scandinavia's largest bank PKBANKEN



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## John Ja ahead

Mr. John James, chairman of the annual meeting of James Group of Companies, says that despite the national economic difficulties, the group has made a profit in the first six months of the year.

## Beaumont Property downtown

REFLECTING VERY trading profits and charges, first half of Beaumont Property has made a profit of £551,895 to £1,047,000, says the chairman, Mr. J. K. Dick.

In present of reliable forecasts are very difficult, as Sir Cyril Black, but the second half shows some improvement.

For the year to 30.9.1974, taxable profits were £774,656 and stated per share.

As known, the net dividend is 1.1373p (1.12p) lent to the previous year. The cost is 1.1373p.

Sir Cyril reports that revenue shows a strong positive with troubles and the left continues despite no being derived from the lower trading in the special circumstances.

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# FINANCIAL TIMES SURVEY

Wednesday October 1 1975

## OFFICE EQUIPMENT

There are very fundamental reasons why office routines need to change and why offices need electronic equipment, apart from the computer. But management has been reluctant to buy equipment at a time of recession and volume sales have been falling in most sectors.

equipment through research and development has added a new dimension to the exercise. In a recent survey on "The Office Of The Future" in Business Week, it was estimated that IBM and Xerox—the two giants leading the way—spend over £700m. a year on R and D. Within ten years it is likely that these large amounts of money will have helped change the office, making it very different from what it is today.

Yet it is not just the effort of two multinationals to justify their R and D costs that is at work. There are very fundamental reasons why office routines need to change and why offices need electronic equipment, apart from the computer, to help such a process.

ICE equipment industry computers has been the most underrated in the U.K. It is at a time when the industry is trying to assert itself, very good reasons.

the technology now developed mainly by the U.S. reaches the office in a way that will be nothing short of a revolution. People in the office are being asked to make the most of the space. There is a similar urge to use equipment that can help save space, too. The patterns of production and management are office routines to do the work of doing the information more easily accessible. Even the old filing system is being replaced by compact files located at each complementary office work station, rather than in

### Achieved

This process (called "word processing" by IBM which invented it) can be achieved on electronic or editing typewriters—the system of the future around which office routines will change.

The U.S. has already embraced the word processing concept but there is some hesitancy in Europe and especially the U.K. One reason is the relatively low pay of British secretaries who earn less than half their American colleagues and so dilute the cost savings of converting to electronic machines—the selling line in the U.S. is that an additional machine is cheaper than another secretary. It is not only the U.K. secretary that is underpaid by U.S. or even European standards. According to recent surveys the average U.K. office worker is



Olivetti word processors, video terminals and accounting computers stand side by side with the more conventional typewriters and calculators in the modern office.

the worst paid in Europe, apart from Spain. He also works fewer hours—about half the equipment can enhance the office workers in Britain work satisfaction of operators and a 37½ hour week. There are certainly their status. But this few yardsticks of clerical productivity and no European comparison. But, with Britain's higher rate of inflation, there is a clear need to increase productivity in the country's offices. Increasingly top management is getting involved in the office equipment sector to assess what machines can solve their cost problems. At the same time the trades unions are recruiting white collar staff at a record rate, bringing closer the confrontation between the technological revolution and the

disappointing for two reasons. In the first place, many of the new machines can offer genuine cost savings. Unfortunately it is not management's habit to increase their purchasing budgets in a recession to realise medium term benefits. Secondly, although the economic situation has been against them, managers have not shown the urge to keep up with the increasing automation of the office. There is a danger, therefore, for the U.K. will lag further behind some of its foreign colleagues. In the U.S. for example there is talk of the "paperless" office by the 1980s—when the computer, as the centre file, is married to the terminals and electronic typewriters, a system surrounded by facsimile transmitters, centralised dictation centres and copiers.

When the U.K. does begin to catch up with that scenario, it could have quite a significant impact on our trade balance, because a significant part of the equipment is imported.

Of recovery in some sectors, the peak figures reached in 1973 or 1974 are still some way away. In value terms sales have increased as prices have moved up in line with inflation, or, in most cases, just below the inflation rate as companies battle with reduced demand and more products on the market. Some of the smaller companies have gone out of business but there has been no sensational collapse in the sector thus far. The general picture is one of consolidation, although a number of the leading companies have actually been expanding in the hope of a broad recovery in demand next year.

In a sense this scenario is

### Rough

According to the Department of Industry's Business Monitor PQ 1005 for the fourth quarter of 1974, sales by U.K. manufacturers amounted to £980.6m. for the whole year; exports were £424.8m.; and imports £530.5m., leaving a home market worth some £1.1bn. This is a very rough guide to the market because the figures are not directly comparable, having been collated from other Business Monitors. Furthermore, sales by U.K. manufacturers are not necessarily sales to the end-user and in some cases might even include stocks held by the producers. Some adjustment would also have to be made for the CIF value of imports.

Roy Levine

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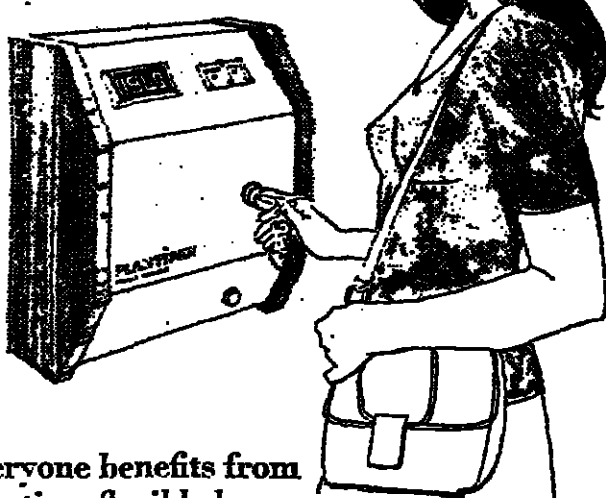


## OFFICE EQUIPMENT II

## Computer 'Wonderland'

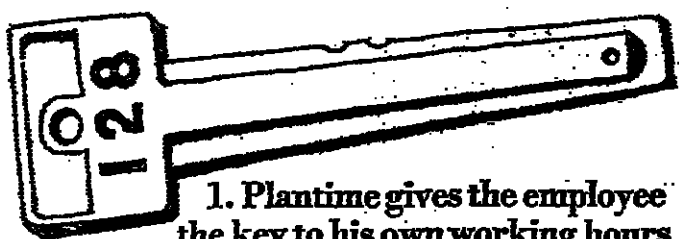
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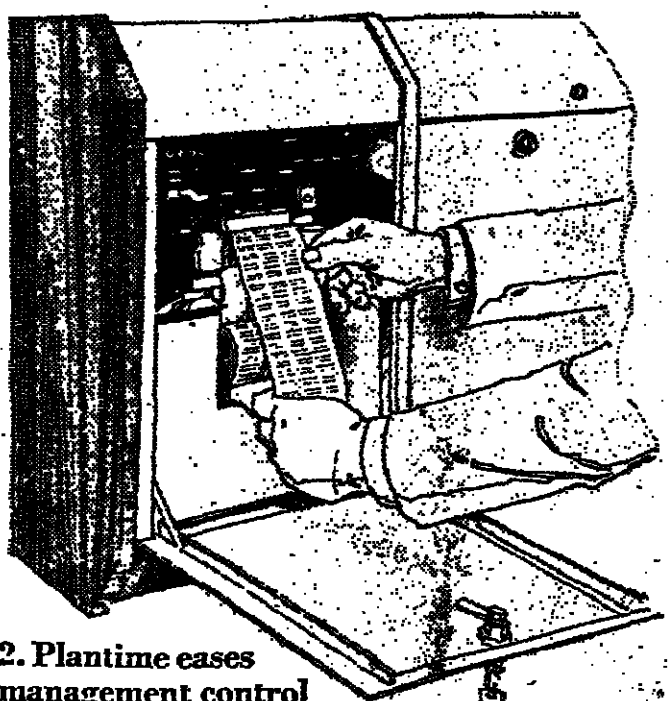
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AT THE last detailed head count there were on offer to potential users in Britain, over 150 types of small computer from 50 different stables and at least ten new models have appeared since then.

Their names—mini, midi, maxi, micro—sound like a children's nursery rhyme and to the average businessman seeking enlightenment by looking into most of the computer journals, the world of the small computer must have an 'Alice in Wonderland' touch to it, or perhaps even 'Jabberwocky', depending how conversant he is with the current jargon.

It is virtually impossible to say in plain English where the limits between the various species lie and to a large degree, it does not really matter all that much to the final user. What does matter is ease of application to existing problems of his business or industry—and equally important—ease of conversion of the equipment and its instruction sets to run new jobs.

## Ingenious

The situation is not improved by the ability of the micro-computer to pop up in various types of office equipment and last year, one ingenious word processor (clever typewriter) supplier produced a compact array of typewriter and controller, and then proceeded to tell potential customers just how much computing the unit could do as a sideline with the provision of one or two extra bits of low-cost equipment. The key to the whole area is undoubtedly cost and at the most recent computer show in the U.S.—NCC at Anaheim, California, last May—there was a cornucopia of goodies for the small system use," as one observer put it. On the other hand, the manufacturers of the larger traditional business systems were much more subdued and while one could uncharitably put this down either to financial or to legal troubles, this would not be the whole truth.

Of course, the mainframe manufacturers know that the small dedicated machines have a great deal to offer at very low cost compared with what they are accustomed to charge users. But these manufacturers also know the pitfalls awaiting the small computer industry and, better than most, the cost of writing the operating procedures (software) that will enable maker and user alike to avoid these pitfalls. To some extent this is why not many of the remaining large manufacturers have launched into this field, though IBM's new \$100 "portable" is on the edge of it. This is why cost in this context has many ingredients.

One group of operators in computing that may have good reason to dislike the attack of the mini salesmen on all markets is the bureau industry and what the service bureau operators are saying to the software houses who have just re-

joined them in the professional group now called the CSA—Computing Services Association—about the wholehearted support the software people are giving the mini, with advice and program writing for customers, would be instructive for users to overhear. In fact one bureau operator, in a speech to an Adapso conference in Mexico City recently, told his professional colleagues that they could expect to see large clients go over to using minicomputers to do local work and report to a central machine, and small clients accept them to do a whole data processing job, throwing out the bureau service.

Certainly the small business machine was a danger to the service business. But advantages from the new equipment coming along outweighed this since the versatility of the up-to-the-minute electronic equipment was such that it would allow the bureau to offer much more to users than hitherto and that at lower cost—remembering that the bureau staff were operating in an area they knew extremely well whereas the potential user of an untried piece of equipment was facing a plunge into the jungle.

He advised his listeners to jump in now, examine what the new offerings could do and particularly look carefully to see whether they had all the essential ingredients to allow them to cope with a businessman's problems. If a vendor was putting up a marvellous new computer-on-a-chip with minimal software, few peripherals and problematic software, he would be the author of his own and his clients' downfall. Software houses were offering integrated systems which had all the necessary ingredients, some developed independently from the manufacturer. A number of entrepreneurs were doing the same, while several of the mini manufacturers had begun to go this way.

All of them were finding it more and more difficult to equal the "support traditional with the big manufacturer" and costs were escalating. Of course, a microcomputer could cost only one-tenth of the price of an established mini. But this was due to lack of software and almost non-existent support.

## Terminals

However, because microprocessors could be added to simple terminals and give them ability to carry out a certain amount of work at site, relieving the central (presumably the bureau's) computer of a lot of routine, the operator of the bureau service should be prepared to devote time and staff to studying the weak points of the mini attack and profiting from them by enhancing the bureau's capabilities precisely in those areas.

The speaker told his audience that if they delayed including mini and micro-machines in their own service networks as much profit from mini and they would soon not be able to

take advantage of the potential benefits to themselves. In other words: "If you can't beat 'em, join 'em."

One point he made which will be useful to those contemplating a mini was to underline that a small businessman often had quoted to him a computer rental cost which was only around 40 per cent. of the equivalent fee charged by a bureau. But what the businessman was not told was that software would have to be bought or rented and an operator would have to be trained, to look after the beast. Moreover, the vendor would be back just as soon as the user's requirements increased. The final cost would always be much more than anticipated.

## File

The upshot of all this cautionary reading is that no one in Britain need go short of advice. The Electrical Research Association and the National Computing Centre both have made protracted studies of the capabilities of a huge array of equipment. The latter maintains a running file of information about machines and peripherals and what will operate with what else. Many of the software companies in Britain are specialising in advice and even turnkey work involving small machines and—if the would-be user is still determined to go it alone—there are available such things as company records. In fact no one should touch equipment offered by maker or entrepreneur before knowing what the financial situation of either or both happens to be.

Of course where the small business system is built up from a process from A, a printer from B, a display from C and a disc from D, two of whom can be on the U.S. West Coast, matters get rather complicated.

It is in situations such as this that reading the small print comes in useful and while the latest equipment is of high reliability and servicing nothing like as difficult as it used to be, present economic circumstances do not allow for protracted down-time. Professional organisations and advisory groups like NCC are there to provide unbiased advice.

This is not to say that every salesman is a potential enemy. But there are far too many machines on offer even allowing for a market growing, some say, at a rate of about 40 per cent. and that despite the recession. Large organisations with their own data processing staff can take advantage of the much lower cost of the small machines almost with impunity. The small businessman does not have these advantages and the collapse of his supplier could be as fatal as the loss of a major contract. And that is not all the story since the large manufacturers, as they enter the field, will try to cream off micro based equipment as they

do from the large central office computer, there are four comparable sites and machines. Since they suffer the basic rules, the first of which is to define simply and precisely what jobs are to be done by their sales and support organisations, will have to change radically if the wrath of a £10,000 to £25,000 user is daily routines and statutory periodical operations and what are the quantified benefits.

All the foregoing could be taken to indicate that we are in a sellers' market where the contrary is true. But still cost pressures and the advantages of successful data processing operations tend to overshadow that fact.

For the small business needing or appearing to need an are up and running, preferably

Ted

**rc allen**

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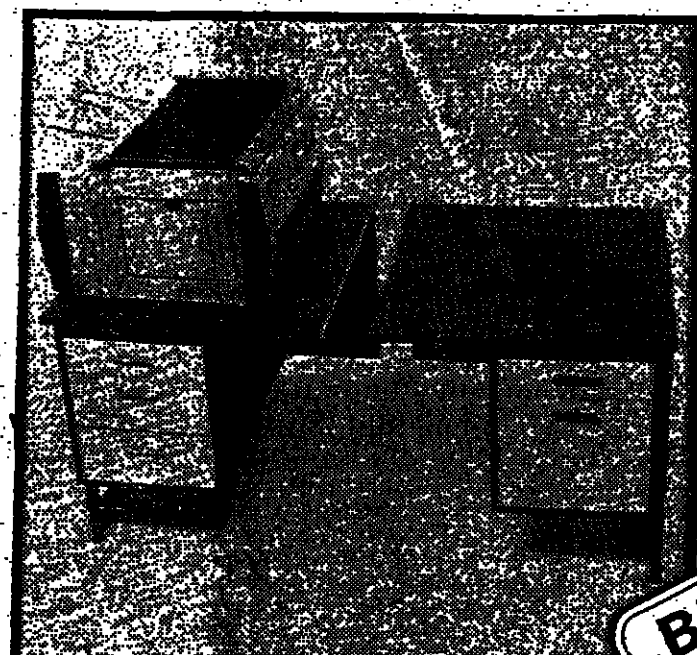
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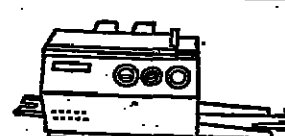
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# Word processing

WORD PROCESSING has many names. The term itself was coined by IBM and is a literal translation derived from its German origin in 1964. According to the IBM concept, word processing embraces all equipment that helps one to process words. Apart from the type-

writer, it can include copiers, the push of a button from the dictating equipment and even computers and facsimile transmission. In short, the IBM range, excepting fax.

Other manufacturers of equipment have caught on to the concept but use different names, even though in the U.S. word processing has really caught on—there are word processing journals, word processing institutes and so on.

When Rank Xerox launched its equivalent system it called it the Xerox 900. Electronic typewriter. In some ways this more appropriately describes what the nerve centre of the concept is supposed to achieve. Other names like editing typewriters or electronic typewriters are equally valid. The concept is basically simple. Words and texts are typed on to paper and at the same time they are automatically recorded in magnetic storage devices like cards or tapes or cassettes. Having captured the text, it can easily be reproduced at will merely by pushing a button on the typewriter. When you do that, the text is reproduced at speeds of up to 30 characters per second—six times faster than the normal copy typist. And it is reproduced exactly as it was recorded, error free.

Of course, there may well be some errors that the typist makes when recording the text. For these purposes, the text editing typewriters have special features that make it easy and fast for her to correct her mis-

takes, so saving valuable time. All she need do is backspace and retype the correct version—which is automatically recorded on the magnetic tape.

There are several inherent advantages of these facilities. If a secretary needs to produce a standard text, it can be done at the push of a button from the dictating equipment. Location of recorded text need not take long on the automatic systems. The productivity benefits can be quite impressive. It is often asserted that the average competent typist can type over 1,000 lines in a day of 7½ hours. But in real life she rarely exceeds 450 lines. Delays result from the effects of handling, correction and amendments, fatigue and interruptions.

The concept has already taken root in the U.S. and editing typewriters are expected to out-

sell standard electric typewriters by 1977. In the U.K., management has been much slower to adopt the concept. Despite optimistic forecasts made in 1973 and 1974 the market growth has been rather disappointing after its initial stages in the early 1970s. It has been estimated that the installed base is around 10,000 machines. But most of these are of the old paper tape machines. There was negligible growth in 1974 and trends for this year suggests little growth, too. For the time being office managers are content to switch from manual typewriters to electric, so it will be a long time before word processing threatens the electric market.

But when the economic revival comes, it is likely to start a resurgence of interest in the benefits of word processing. Their cost advantages are obvious. Although companies like IBM, Rank Xerox, UDS, Kalle provided they are used properly. According to one

هنا من النص



# Mail room efficiency

ANY times have you put your pocket for post next time you pass a c and then find a day or r that you have com- forgotten to post it? re probably few who ny that this has never to them and yet it es a type of occurrence probably costing the business community both monetary terms lency.

all room of an organisa- on been the cinderella parments, although the has improved some- recent years. But there rtheless still a multi- companies which do not appreciate that the mail a cost centre whose as touch on most ents.

Then the inefficiency of Office is given as the son why letters, pack- parcels do not arrive destination on time. But nies took the time to their own internal post- tem many would prob- e to admit that to a- ment they have only es to blame for hold- eir mailing activities.

For example, a quick survey of the path of a letter between the man who has signed it and the mail room would likely show that no clear instructions exist as to how it should get from one department or another — or even if a routing system exists it may well be either inherently inefficient or inefficiently manned — and that the delay resulting will mean the letter is a day later in arriving at its destination than it need be. If, for example, such inefficiency existed where a company was sending out a lot of invoices there clearly can result an adverse effect on cash flow.

## Efficiency

Improved efficiency and cost cutting are not the only reasons these days why companies should turn their attention to mail room operation. Equally important is the security factor, since experience has only too tragically shown how easily the mail room can be an entrée into the inner realms of any organisation.

Tackling the problem of how to make a mail room an efficient

and integral part of a company's operations requires the attention of experienced and intelligent personnel to start with (it seems to be a common fault for there to be incompetent direction from the top). And, of course, it is no good a company appointing an experienced office manager if the Board is not prepared to appreciate that his recommendations may well involve fairly high expenditure on machinery.

Before installing machinery for franking, addressing, sorting and allied operations, it is necessary to consider whether the mail room is suitably sited and that the lines of communication between it and other parts of a building work properly. Thus, to start with it is generally considered best to locate the mail room at ground level and at a point where transference of mail from mail room to Post Office van and vice versa is both efficient and safe in security terms.

Between mail room and departments a combination of systems could be used. There could be people collecting — and use of some type of specially designed trolley can be far more efficient than, say, a sack, since it would enable selection of

letters for home and overseas, accounts to be kept of the throughput of mail and can avoid risks of "guesstimates" being made of the cost of a letter, something which leads to erring in favour of the P.O. rather than the company.

Another little item is a date and time stamping machine which enables records to be kept of when mail arrives in the mail room. If volume is the order of the day it may well be prudent to install a folding and inserting machine and addressing machines — major manufacturers in this area include Addressograph-Multigraph and Bell and Howell.

## Essential

Another system is the use of "letter boxes" at various points in a building which connect with the mail room by shutters. In the mail room design can be crucial to efficiency. For example, it can make sense to set up a whole series of pigeonholes relating to different departments and different types of mail.

What is essential in the whole operation is to establish the post flow in and out of a building and this can either be handled internally or by getting expert advice. Not surprisingly, most of the large firms making various types of mail room machinery provide advisory services free.

Despite the potential cost savings of equipment, there are still many companies which veer away from such capital expenditure. For instance, companies which have to do a lot of mailing shots of a variety of material in one envelope still have the collating of separate piles of material done by hand whereas a collating machine could speed the process up considerably. Obviously, here, as with all different types of machine, the cost factor has to be studied carefully.

Other items of equipment are franking machines — an area where the market leaders in Roneo Neopost and Pitney Bowes each claim a lion's share of the market. These, as well as speeding up the stamping process also enable accurate

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Nicholas Leslie

# Typewriter sales fall off

IS not been a good year for the typewriter market. It is gloom, with 1974 unit sales down on 1973 in virtually all the major sectors. Then came the re by Litton Industries plants at Hull and the only encouraging element has been the entry market of Rank Xerox highly sophisticated 300 Electronic Type- his could give a boost ignant word processing

gh the volume sales of 1973 do not give any of an improvement, id, there is an under- nism in the market, the reason for this, an the natural optimism, en, is the fact at which y has been changing, st time in many years. 5,000 units. Some dealers to- day reckon that for every two manuals sold, there are three electric sold. Because of the restructuring of the market since Imperial stopped its U.K. production and the resultant fight for market shares, figures are difficult to get. But figures for the first quarter show that while unit sales of electric are down about a fifth against the first quarter of 1974, sales of manuals are down nearly a third.

## Sum

as, until quite recently, ie pacesetter, starting concept in 1964 of word ne embracing all of its equipment but essentially ed around the editing er. Until then the type- ad remained essentially the machine since its- tion just over a century. Imperial were bought for is was forcibly struck tronic Machines (OEM), the ewriter museum at quoted office equipment com- is plant in Wilhelmsh- in Germany. The the allegiance of many of its is of the 19th century is now selling a new range of products made in Germany by Triumph Adler under the Imperial name, it has probably lost some of the share which the original company has.

In the electric market OEM probably has around 30 per cent. with its Adler and Imperial models. Olympia will be putting a new electric model (the SGE 60) on the U.K. in November and because this is an advanced model at no extra cost, will probably help to increase the company's 25 per cent share, currently the same as IBM. Olivetti is reckoned to have about 13 per cent, with

other manufacturers making up the balance.

The total office market — electric and manual — is still growing in value terms as prices increase along with inflation and currency changes. It has grown in sterling terms from about £171m. in 1971 to £35.7m. in 1974. This doubling of the market mainly took place in the first two years of the period when businesses were encouraged to buy equipment. The portable market is rather smaller although in unit terms there were some 182,000 models sold in the U.K. last year. There are three companies manufacturing portables in the U.K. following the closure of the Imperial plants — Smith Corona, Marchant, Olivetti and Olympia. In each case a large proportion of production is for export. This reliance on the world market was one of the reasons for the Imperial closures and the redundancies which some companies have had to make this year. Sales in the U.S. have been particularly badly hit and even in the U.K. this sector is dependent on consumer support which has been weak lately. Coming back to office again, there is a parallel trend: firstly, towards installing electric and also towards the more sophisticated end of the market, using electronic typewriters. Unlike the U.S. this parallel trend is likely to continue for some years.

Offices in the U.S. have fully embraced the word processing concepts and it is estimated that about 70 per cent. of new sales of typewriters use single elements rather than typebars. The single element (S/E) machines, like IBM's Selectric — the first one on the market — is usually used in editing systems because they are faster and more adaptable. For example, they offer an enormous advantage in interchangeable type faces, essential for proper text editing and correspondence.

New single element models include Olivetti's Lexikon (also available as a portable) which, because of the currency situation, could offer quite a cost advantage over other manufacturers. Facit of Sweden will also exhibit its new S/E model at the BEE.

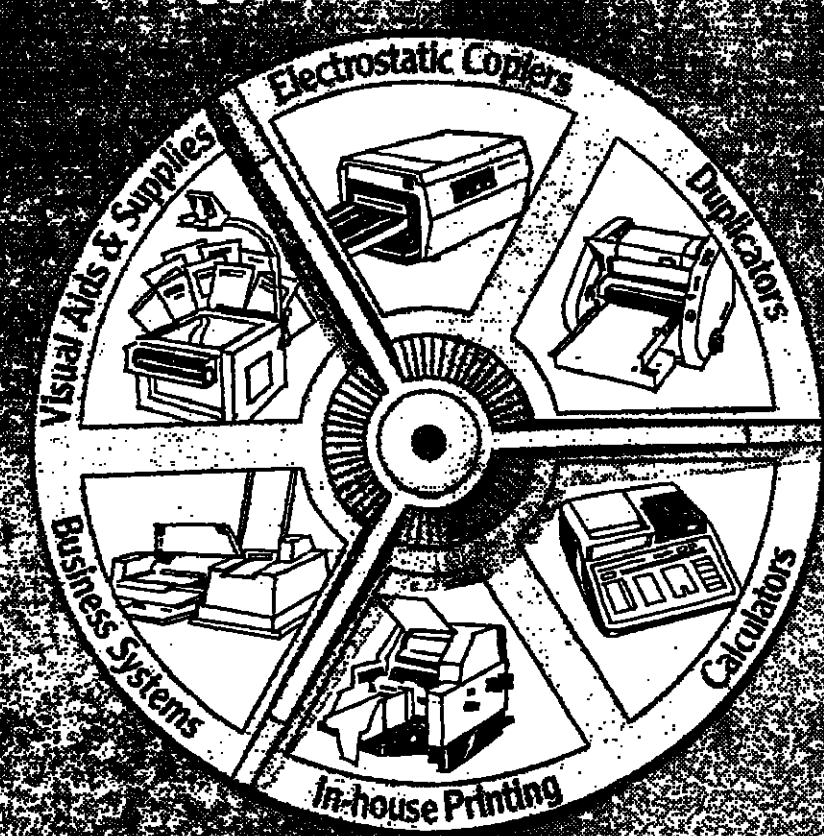
Although, according to one senior industry leader, it could take up to ten years before Europe reaches the same acceptance of S/E machines, there is little doubt that the system of the future will be electronic typewriters, using the S/E models. Word processing started with a strong surge in 1972/73 but its growth has been slow in the current recession. About 2,500 editing typewriters were sold in 1974 showing a marginal decline from the year before. This is a disappointing performance for a sector that had boasted a 50 per cent. growth rate in its initial years. However, given that the average system costs around £4,000-£5,000, it has become somewhat of a luxury despite its undoubted cost savings abilities.

The most advanced machine in the U.K. is the Videotype Text Processor made by Lextron Corporation of the U.S. This is being marketed by Ozalid. There is little doubt that the visual display unit type and cards thus making the visual text storage media compatible for the first time.

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## OFFICE EQUIPMENT IV

# Copiers

ALTHOUGH the U.K. lags in many sectors of the office equipment market, it has one of the highest installed bases of copying and duplicating equipment. Reasons for this have not been fully explained, although the fact that the country has a relatively large number of big corporations may have something to do with it.

Another reason may be that the dominant company in the field of plain paper copying, Rank Xerox, has concentrated on its home market to a large extent. The world market for its products is covered by three companies: Xerox Corporation, which owns half its equity and controls the copier activities of the Rank Organisation (the other partner of Rank Xerox), Fujitsu, and other companies like Kalle, Infocore or IBM that also concentrate on rentals rather than sales. Rank Xerox has not fallen much below the buoyant levels of the past two years.

### Surprising

This is surprising because one would expect that in a business downturn, offices would tend to use less paper simply because there are fewer documents to process. But this has not been the case, perhaps for two reasons. In the first place, businesses have been moving upmarket in buying copiers or replacing existing ones. Although the equipment is more expensive, the unit costs can be lower. Second, because of the difficulty of Partridge's law—work expands to fill time available. Or, more precisely, as more copiers are installed, so the volume of work which is copied tends to increase, not always with good effect.

Now while the copy volume has remained constant this year, the same cannot be said about new sales or new instal-

lations. There are precious few figures in the industry, but it is estimated that demand has fallen by about 10-15 per cent. And at the same time over 20 companies have entered the market over the past two years with their own versions of plain paper copiers. These are mainly from Japan and Germany, but there are also quite a number made in the U.K., notably by Roneo Vickers. So companies have been hard pushed to maintain the levels of sales or new rentals.

Yet this picture is not nearly as bad as in other countries. One indicator of how other markets were faring was given earlier this year when Rank Xerox announced that, faced with a decline of a fifth in demand for its copiers, it was forced to put its 1,800 factory workers on short-time.

About 250 people were laid off, mainly through voluntary redundancies and early retirement. The company now says normal shifts and is already up

to full production.

Earlier this year Vickers announced a larger price increase for its copiers. Since August, however, the price has fallen by about 10 per cent. This is partly for anti-trust reasons (the FTC) but because of the stiff competition in the U.K. market.

Even while the price has fallen, there are trends which have interrupted. One is a switch from plain paper copiers to colour copiers.

According to a study by Consultants, the market for plain paper copiers is likely to grow by 25% in the decade. Yet that over the same period the annual other types of copier will grow by 150%.

These figures reflect the trend, though, he quite as market figures suggest. Development has been rapid in the number of machines which makes copy rather than a word.

Although the cost of machines may be high, conventional paper copiers, the cost of is less and this obvious running costs. IBM has produced this new machine.

The other broad market is for colour copiers. Xerox can claim that it is installing machines, its revenue suffered because it is selling cost more, because they are greater the same revenue on fewer units. Its customers gain in unit copy costs and volume throughput.

This trend has left the bottom of the market. It is this gap which the newcomers are trying to fill. Even so, Rank Xerox has pushed to hold its share in the market. According to industry figures, its share has fallen 80 per cent. to under 10 per cent. over the past few years.

## Dictating equipment

DICTIONATION EQUIPMENT has been one of the hardest hit sectors in the office equipment market. Although the value of sales has risen marginally above last year's levels, this is only because the manufacturers have kept increasing the prices of their products. In volume terms the market has shown a dramatic fall, even though there has been some recovery in the second quarter of 1975.

The pattern broadly follows what happened in 1974. Then the market rose in value terms by about 5 per cent. over 1973, even though the actual volume of products sold fell by between 5 and 10 per cent.

The value of sales in the first half of 1975 was about £31m., which is only 23 per cent. above the level of the same period for 1974. This figure excludes sales of transcribers for note-taking machines and central recorders for centralised dictation systems. If these are added in, then the value of the market on an annual basis amounts to over £12m.

But it is in the volume figures that the real market trends can be seen. The biggest to suffer over the first half of this year have been the portable dictating units. Sales of these units have dropped by a third over the comparable period of 1974, to 4,500 units. Prices of the units have risen by about two-thirds on average since the end of 1973 to 1974, which may be one of the reasons for the fall in demand.

Next to follow are the desktop machines, which make up the largest sector of the market. Demand for these machines dropped by about 30 per cent. over 1974 even though prices increased over the past 18 months have not been as high as for the portable types.

### Popularity

The smallest drop (just under a quarter) was in note-taking machines, which are almost at the consumer end of the market. These have grown in popularity over the past few years as executives and consumers have found they can be used not only as a recorder but also as a pocket notebook. During the recent SICOB exhibition of office equipment in Paris, it was not unusual to see dealers walking around the exhibits without pen or paper, but talking into their cassette machines. No doubt the same phenomenon will be seen at the Business Efficiency Exhibition this week.

The maverick sector in the advertising campaign and has been active, among other companies, in educating school-children about how to use dictating machines.

Dictaphone is making a bid for a greater share of the market and has had some success with its "Thought Tank" model, which was updated earlier this year with the "Dicta-Timer".

Although IBM is a strong force in the U.S. market it has not really flexed its muscles on this side of the Atlantic, and its market share is quite small. But it recently announced the introduction of a new range of machines called the 6.5. The system is named thus because each disc (a new medium for IBM which has until now used the magnetic loop) can be used for six minutes—reckoned to be the time required for the average letter—and since there are 30 discs which can be used continuously in the system, the total recording time is 5 hours. Although this system, shown at SICOB in Paris last month, has an impressive flexibility, it is quite expensive. Its success depends on what marketing muscle IBM decides to put behind it.

The rest of the market is made up of a number of firms like Olympia, the AEG-Telefunken subsidiary, and a number of Japanese brands like Crown, Sanyo and National.

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هنا من الأصل



# Calculator market

MONTHS ago a senior teacher was lent a first low-cost pocket calculator to appear at a market to see if it would be of any use to his pre-university class.

Polish notation might be a problem after the straight operation of the calculator and the booklet, written in version of oriental script, would be somewhat more difficult to master.

These difficulties are the machine's weakness, but its power is much more powerful than its price. In working on expressions and helping the student of jotting intermediate values, for use of a number of set formulae in their jobs, the program would be a boon and appeared to be "wild" there could be a market in which it would prove invaluable.

Lack of an exponential mode might make life a little difficult for a non-user, but the machine's success in the program is the U.K. where the machine is being raised and bought by a serious work to do, they are offered by who know their and are prepared to be the users make the machine.

Functions are being machine than six, though it would be much more on to of most of the more programmables than is and it is in the range of hand-held that the bonuses are Prices for these are trimmed. But at the of the hand-held arena — the £7 five pence — price compression — there is no able without sacrificing in manufacture. But hings could very well control.

le there seems to some reaction against and cheerful machines

after the "calculator in every shopping basket" drive. Second time buyers — called disreputably in the trade — "calculator virgins" — want something more powerful and better looking than the toys they started out with and are prepared to pay for them.

Previously successful sales outlets continue to flourish with off-peak of machines in some cases as much as double the figures for the comparable period last year, despite depressed conditions. And these sales are not mostly down range by any means. There is thus reason to believe that anyone who has not made the market by now has failed or will have the utmost difficulty in getting even good products widely accepted.

It has to be said that the effects of the recession are not the only reasons why several of the big component makers, who launched out boldly into the hand-held market, are not doing anything like as well as they anticipated. Their real market is still the chips bought in by the existing assemblers who have maintained and improved manufacturing and marketing structures set up when the boom was in its infancy. They face the horrid choice between biting the hand that feeds them or feeding the hand that bites them since chip buyers could very easily go elsewhere for circuits the design of which is no longer a tour de force for those companies which have survived the gruelling competition in components of the last few years.

## Pressure

Too much pressure on buyers could leave the component builders with excess capacity and un-sold devices — and face them with a long haul to push to range of hand-held to take up the slack.

So far as the man in the street, or the office, is concerned, these aerial dogfights can only be of benefit. They keep the new designs coming, bring more functions per pound and stop prices from rising — at least for the moment. But where machines worth more than a few pounds are concerned, office equipment purchasers would be well advised to stick to the handful of out-

lets which recommend a limited range of makes of equipment and provide servicing. There already is a considerable amount of equipment being got rid of at low prices and there may be a great deal more in the months to come.

The lower end of the desk-top machines has seen the appearance of a unit from Dixon's which gives a display, or a print-out on demand, and according to the company, this equipment is proving very successful though it is fractionally under £100 to buy. There is a great deal of work in progress in the U.S. and Japan on the problem of printing for such small calculators with a view to speeding up the operation very considerably compared with what is possible mechanically. After all, it seems slightly far-fetched that the electronics of such a machine can carry out complex operations in milliseconds if it takes about half a second to print out the result.

A considerable step towards simplifying the print side has been made in Sweden by ASEA-Halo which has developed a solid-state hybrid chip which provides a thermal print under logic control without any moving parts. The speed of improvement, if full advantage is to be taken of this advance, is the paper feed and probably paper reaction time to the heating of the print-forming elements at the business end of this ingenious Swedish device.

What roads the other developments in printing are taking is not yet known, but there will be some marvels of miniaturisation since a print facility for hand-held/pocket machines is expected momentarily, despite the fact that a few months ago some leading vendors thought this too gimmicky to catch on. They overlooked how easy it is to forget an intermediate figure in a calculation.

Another improvement on the way is in the clarity of the display. Many people do not like light-emitting diode (LED) arrays because of the strange effects they can produce for wearers of thick plastic lenses. At the same time, while the larger green fluorescent displays are much more legible they pose more demands for the circuitry. In about a year electrochromic white on black

arrays will be perfected to a degree which will allow their developers to challenge LED and fluorescent types. Already they are much better than the liquid crystals on which so much has been spent on development for this and other purposes.

## Obvious

So far we have only considered hand-held and the low end of the desk-top ranges and because of the advent of the microprocessor, which concentrates into a tiny silicon array a quarter inch on the side all the logic one would have seen in a small to medium computer 15 years ago, it is hard to see what is in store for the user or whether the large, well-equipped scientific and business calculators will in the end merge with the small end of computing.

It seems pretty obvious that the people who are launching out with microprocessor based business and science systems are taking a leaf out of the de luxe calculator book. At the same time, makers of such equipment are getting themselves heavily involved in the small to medium computer market: Wang and Hewlett-Packard, for instance.

But a number of people believe that the advantage of having a piece of equipment that will do the most complicated series of operations on quite a large amount of data simply at the command of a tiny cassette and is capable of presenting the results on a plotter and/or storing them on magnetic tape or paper and doing this without the need for a programmer, is perhaps a better way for routine computing to go. This would

place a heavy burden on the manufacturer to provide appropriate cassettes or other program media and it might be somewhat inflexible, but with continued improvements in electronics and the steady rise in the cost of staff this may be the way a great deal of computing will ultimately be done.

The price of most if not all the big programmables with facilities for driving other equipment is such that makers have no problem in adding extra memory and even a small processor if that is what the market demands. However, as software has been a major stumbling block for the small computer user, it would be logical to expect more and more standard routines for business and scientific work to become available, on magnetic card, cassette, function blocks or whatever.

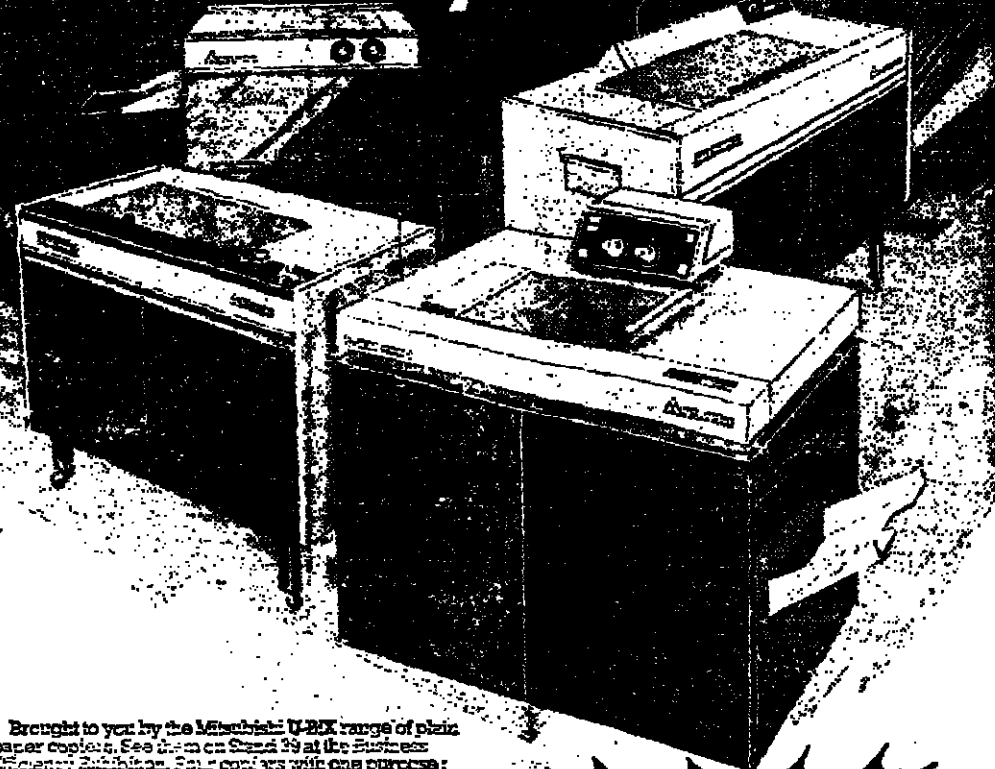
If one looks at what some of the larger equipment can do, it is clear that a determined drive by the ten or so makers could change the course of events in the much talked about microprocessor revolution. But it may be several years before this happens.

Certainly Wang, Olivetti, Tektronix, Hewlett-Packard and Diel equipment has already reached a formidable stage of development while microprocessor work is just beginning.

It may be that the component makers who have conceived the microprocessor will take a lesson from what is happening in the calculator market and leave the building of equipment to those who know best how to assemble and market. A reputation and a systems ability are not built up overnight.

Ted Schoeters

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THERE ARE official estimates that place the size of the office furniture industry as high as \$800m—but these are generous estimates, which take in all the paraphernalia that pollutes the office and also extend out to embrace much domestic furniture. This is perhaps as it should be, for in recent years the demarcation line between the furnishing of the home and the office has been considerably watered down.

All in all the fact that many people spend a large slice of their lives in an office has encouraged a great deal of "specialist" attention in the past three decades. Fashions in the office have repeatedly changed. At first offices were little cells, then the walls were knocked down in the interests of better communication and we had open plan offices. The disadvantages of open plan in noise and human opposition led to landscaping and the appearance of screens and plants to give some privacy again.

Landscaping is now less fashionable but it made an important contribution to office furnishing by stressing comfort and appearance and design. But the many supporters of landscaped office environments failed to teach their converts what to do if the system failed to work as it often did when more powerful executives called for more screens and plants to build up their privacy.

The most recent alternative has been the screens system which brings the office almost full circle back to the cellular model, except that it is more flexible. On the screens can be suspended shelves and tele-

phones and even desks. They promote the mobile office idea—but they are not quite the answer.

The obvious answer is a completely flexible office environment with every group's function in an organisation examined and allowed the type of equipment that best suits its needs. Thus a team of typists can share a desk made up of mobile work surfaces and designed to conform to their work flow. Executives might work behind a screening system, and if there is a large group of workers, like accounts clerks, they might be given a landscaped area. Then, as always, the chief executive will be shielded within his cellular office.

To-day architects build open plan offices which enable companies, advised by the appropriate consultants, to devise a flexible system drawing on all the past models. Of course, these days there is less desire among companies to make such an investment, and office furniture sales have declined. Generations of furniture initially regarded as having an eight to ten year life span, are still providing service.

The only section of the market which has not suffered greatly, according to Rymans, the largest supplier of office furniture in Europe, is at the top of the scale—furnishings for the chief executive suite. Even here there are some economies—apart from Christ-

mas, and video telephones—will bring a Star Trek element to the office, but in the current economic climate innovation is marking time.

In fact offices cannot change too radically since the tasks carried out in them remain basically the same. This is reflected in filing. Filing systems enable people to store and easily retrieve information. This can be done, at considerable expense, electronically, but the traditional paper and file method is cheap and efficient. This month Twinklax has introduced a new filing unit called Multi-Stor and is selling it through retail outlets. The company regards it as its biggest innovation in the filing equipment market.

## Innovation

Office furniture does not change much over the years. The biggest innovation is increased mobility, and new desks these days tend to have mobile pedestals, making them appear more like tables. The trend towards metal furniture has been halted by consumer opposition to the coldness, and plastic still has plenty of potential. Generally wood remains supreme with the quality of the wood and finish also helping to determine status.

One fresh problem for office furniture makers and designers is the amount of power required in offices to operate all the electrical devices. Transmitting power to the desk is quite a task and designers are now producing desks with hollow legs for the cables. Eventually desk top hardware—computer con-

But to the outsider the new structures appear similar to traditional mechanisms—as indeed they must. Multi-Stor, which is being advertised with a £70,000 campaign, including the popular dailies, saves on space and with its variations in unit size enables a wide variety of information systems to be easily stored. But this filing cabinet of the future would not look alien to the pre-war secretary.

What would cause her more surprise is the concentration on comfort in the office. Offices look pleasant as well as being more efficiently designed. Some of the excesses—the gold fish bowl syndrome—died with the 1960s, but an office furniture showroom these days will not look much different from Heat's

Antony Th

## Fax transmission

ONE OF the most promising developments in the field of office communications has been facsimile transmission. This has been forecast as a future growth market for many years, but has not really taken off yet because of difficulties of compatibility, machine costs, speeds of transmission (which are being steadily reduced) and a general non-awareness of the cost advantages in the market. So it still remains an embryonic market with a small installed base and gradual rather than dramatic growth.

Facsimile transmission is a system of remote copying machines in one of the main factors that will decide at what rate the market expands. At receiving terminals, usually the normal telephone circuit. As a medium it can replace conventional ways of sending messages between offices and poses a threat to the telex market.

Although the telex is considerably cheaper than fax machines, the overhead costs can be very much higher because it normally requires a skilled operator, needs a prepared text and requires more time to transmit a message.

But this applies to six minute machines only for the committee is still discussing compatibility for three minute machines. The main companies in the market

Roy

## Duplicators

THE big events in the duplicating market this year were the launches of the Xerox 9200 duplicating system and Gestetner's System Double Nine.

Rank Xerox will not be showing the 9200 at the Business Efficiency Exhibition, but had a lavish presentation last month for the trade and Press. The system is aimed at the small office market, and particularly the in-house print rooms of large corporations which can afford the high cost of the system. Annual rental and usage costs start at £8,480 but will probably average around £10,000 a year, depending of course on the volume usage.

The main attraction of the system is the convenience it provides although it can also offer substantial cost savings given the right volumes. It is probably most efficient at volumes of between 150,000 to 400,000 copies a month.

The main productivity gains will come from the compact collating feature. At the end of the fast duplicating process—it can reach speeds of up to 7,200 an hour—the machine automatically collates and assembles multi-page documents in each of the 50 bins in the sorter modules, in page order.

The initial placements of the system in the U.S. have been quite slow. One year after the 9200 was launched in the U.S. Xerox Corporation had produced less than 1,000 machines and sold perhaps 600 or 700. According to one estimate, orders are now running well ahead of production and by the end of 1976 there could be

about 9,000 machines installed. In the Rank Xerox territories, which include most countries except the Americas and Japan, a similar but smaller rate of placements could develop. During 1975-76 there could be about 750 placements rising to around 2,000 in the following year.

Gestetner has brought together two new products—the 209 table offset duplicator and the PM9 paper platemaker—to provide a self-sufficient automated printing system, for general use. Its System Double Nine can produce copies at the rate of between 60 and 120 copies a minute. Up to 1,000 copies can be produced from a single original. Plates can be made at the rate of two a minute while the duplicating process is operating. This allows for the production of multi-original documents. It can also produce in colour and half-tone.

## Impact

Like the Xerox 9200, the Gestetner's System Double Nine is easy to operate and requires little instruction. Plates are produced by inserting an original into the face of the machine with plate material from a self-contained cassette at the top of the PM9, the plate being transferred through the applicator to the 209 duplicator.

Both of these products are likely to have some impact on the market. The offset litho machine market is still expanding, although not quite at the rapid rate predicted. After

a setback in 1973—during which the market fell slightly to £7m, there was rapid growth to £9.1m in 1974. Home production, though, was £13m. According to estimates by stockbrokers Scott, Goff, Hancock and Company, sales by Rotaprint were about £5m, of which half came from sale of supplies always a significant part of the industry's sales. Gestetner was estimated to have achieved U.K. sales of around £2.5m of offset machines. The balance of around £6m was spread between Roneo, A. B. Dick and Addressograph-Multigraph.

A rough breakdown of market shares given by the brokers shows that AM had about 35 per cent of the offset market, Rotaprint about a quarter, Gestetner about a fifth and A. B. Dick and others the rest.

The spirit and stencil market is rather smaller and showed little growth in 1974. U.K. production amounted to about £11.4m, of which some £3.4m was exported. Adding in imports of £258,000, the U.K. market was worth some £3.8m.

The spirit duplicating market, which consists mainly of schools, colleges, churches and clubs is divided equally between Orefex and Nig-Banda with Rex-Rotary and Roneo-Vickers as the other main suppliers. The stencil market, which is not likely to show much growth over the next few years, is supplied mainly by Gestetner although Roneo-Vickers and Orefex also have a firm share.

Roy Levine

## Daily News

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## It's time you made a move towards Office Planning... Ask anyone

**MD.**  
Ask yourself first: Yes, you're a very busy man. Your time is money... and so is the time of everyone on your staff. So the longer you put off reorganisation, or even a move, the more of that time is being wasted.  
Calling Office Planning will be anything but a waste of time.

**Company Secretary.**  
Well he'd welcome a move to more extensive premises. If it weren't for all the legalities involved... leases, licences, government regulations... they give him nightmares.  
Office Planning would help him to sleep peacefully.

**Brian Benbow**  
Brian pulls in a lot of important business. But he reckons he could pull in a great deal more if the company projected the efficient and forward-looking image that he does.

**Hello, switchboard.**  
I've been cut off. It happens in the best of places. And you can't always blame the maligned telephonist. Most telecommunications systems are so outdated, they provide more aggravation than communication.  
Office Planning would save you a lot of crossed wires.

**Karen**  
She walks nearly two miles a day... without knowing it. From one end of the building to the other, usually with an armful of files. If she knew how much exercise she was getting she wouldn't bother with that diet.

**The tea lady**  
A most unpredictable character. Ask for tea, she dispenses coffee. Ask for coffee and you get tea. And the taste is... terrible. Makes you long for an ordinary glass of water. How come you can't get a simple thing like that around here anyway?

**Alison**  
She's a super-organiser. Languages... ever! So you pay her a salary because you want to lose her. In money isn't it worth to a girl like Alison.  
Office Planning gives a girl like her the right environment, she'd appreciate it. (Money isn't over to us either. So you can afford to call in Office Planning.)

**Miss Gannard**  
Usually so brisk and busy. But round about this time of day she often gets one of her "heads". The doctor suggested it could be caused by the lighting in her office. But it seems to her to be overbright, if anything.  
Office Planning knows the discomfort office glare can cause.

**Frank Darby**  
The company develops on the talents of men like him. He seems to have an intuition for making the right move at the right time. And right now he feels it's time for a move... or some office planning. He's probably right.

**Clare, Reception**  
And very nice too! But believe it or not, Clare has trouble communicating, thanks to the facilities of the internal phone system. Keeping people waiting can be actually embarrassing.

**Mrs. Davies**  
Cleaning this place is a work of art. Take Mr. Clifford (though who'd take him I don't know). Move the papers off his desk to dust and all you get is complaints. Says it disturbs his filing system. What he needs is a good sort-out. (Tell him about Office Planning Mrs. Davies.)

**Rodney**  
A promising lad... with one major drawback: You can never find the fellow when you want him. He always seems to be occupied elsewhere.  
Office Planning would help you to keep track of Rodney.

There are plenty of reasons why offices don't function as well as they might. As you can see, Office Planning knows them. So call us if you're thinking of a move to new premises. Or re-organisation. It's never too soon to bring us in. Our team will handle everything from space planning, design, specifications, tenders and statutory matters... to designing a telecommunications system to suit your company's precise needs. We'll even handle the herculean task of removal.  
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# Decline continued in early trading

BY OUR WALL STREET CORRESPONDENT

THE DECLINE continued on Wall Street, reflecting talk of large U.S. Budget deficits and also higher interest rates. By 1 p.m. the Dow Jones Industrial Average was down another 4.15 to 801.08, making a fall of 35.11 over the past four sessions. The NYSE All Common Index shed a further 31 cents to \$44.51, while the trading volume expanded 610,000 shares to 6.5m, compared with 1 p.m. yesterday. Government officials yesterday warned that the nation's Budget deficit for the 1975 fiscal year ending June 30 could escalate to \$90,000m.

Analysts suggest that a larger than expected deficit raises the possibility of higher interest rates and renewed inflation. They also believe it could restrain economic recovery. There was also disappointment over the Composite Index of Leading Indicators which held unchanged in August, the first time in six months the Index has failed to rise. General Motors was off \$4 at \$51.21, it denied reports that it spread with the Polish Government to build light trucks in Poland. Other Motors also eased. Steels lost fractions and Oils also softened. Reynolds Metals edged up \$1 to \$19.10, it announced price cuts on some of its products. American Broadcasting Companies gave \$11 to \$183.12, it expects third quarter earnings to be below earlier forecasts. PepsiCo was firm on improved earnings. Citi fell \$1.20 to \$261. Minnesota Mining was lowered \$1.10 to \$32.20, Dow Chemical dipped \$1.10 to \$55.50. Less active Du Pont lost \$1.10 to \$108.00.

Prices on the American SE also further declined in early trading. The Market Value Index fell to \$34.77, while turnover decreased 110,000 shares to 690,000 shares compared with 1 p.m. yesterday. International Systems and Controls moved ahead \$1 to \$301.20, after reporting higher earnings for the year.

Bodin Apparel was off \$4 at \$35, on lower earnings. Syntex and Ryan Homes each also eased.

Other Markets

Canada down

All sectors gave ground in moderate trading on Canadian Stock Markets yesterday. The Industrial Share Index lost 0.52 to 177.94. Golds 0.20 to 306.44. Base Metals 0.20 to 73.51, Western

Indices

NEW YORK

DOW JONES AVERAGES

Home Stocks

IND. DIVIDEND YIELD P.C.

NEW YORK

AMERICAN SE MARKET VALUE INDEX

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NEW YORK

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Home Stocks

Oil 1.18 to 186.55, Utilities 0.44 to 180.54, Banks 0.28 to 268.50 to 273.12 to 268.50. Bell Canada shed \$4 to \$41.10 on nearly 6,000 shares. Communications workers of America applied to triple the number of Bell employees it represents. Newscow Wall Services dropped \$1 to \$19 on approval of a stock split.

Canadian Vickers put on \$4 to \$171 on sharply improved earnings and a high dividend. PARIS—Market fell back, disappointed by the unchanged inflation figure for August, the higher Call Money rate and the overnight weakness of Wall Street. Banks, Portfolios, Motors,

Brussels—Lower in slow trading. In Steels, Calcevo were off Frs.35 to Frs.430, while Sofina slipped Frs.60 to Frs.430.50. Lower Electricals. Among mostly reduced Metals, Asturienne fell Frs.30 to Frs.1820. UCB dipped Frs.125 to Frs.2375 in lower Chemicals.

U.S. shares lost ground. IBM was off Frs.35 to Frs.190, ITT

Standard and Poors

U.S. STOCK INDICES

STOCK AND BOND YIELDS

MONDAY'S ACTIVE STOCKS

TORONTO

INDUSTRIAL INDEX

MONTREAL

INDUSTRIAL INDEX

COMBINED INDEX

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Bonds were slightly off in moderately active trading. OSLO—Industrial easy. VIENNA—Most prices were virtually unchanged. COPENHAGEN—Narrowly mixed in quiet dealings. GERMANY—Prices lost up to DM2.40 in full trading on lack of investor interest and a few definite signs of an improvement in the German economy. DRESDNER, off DM2.4 at 225.1, and Deutsche Bank, off DM2 at 300, showed the biggest losses in Frankfurt. Steels and Stores shed up to DM1.50, the BMW, off DM1 at 215.5, led Motors lower. Yarto gave way DM1.50, while most Chemicals and Machinery shares eased slightly. SWITZERLAND—Narrowly mixed.

Major Banks edged lower and, among Financials, Oerlikon-Buehrle dropped on some selling pressure. Insurances were firm but Chemicals declined over a broad front. Foods were easier, although Hero gained some ground. In Foreign sector, Dollar stocks were active but moved lower. Dutch and German shares were steady, while Germans generally remained steady. HONG KONG—Mostly higher in light trading Tuesday. Conf. Ind. 250.00 were up 10 cents to \$15.70. New World one cent to 1.16. Jardine 10 cents to 22.90. China Light 10 cents to 14.30 and Hong Kong Dock 30 cents to 6.40.

TOKYO—Market firmed sharply on renewed demand. Volume 100m. (80m.) shares. Interest was widespread and centered particularly on "medium" and "small" priced shares. Foods, Textiles, Chemicals, Non-Ferrous Metals, Motors and Shipings all gained ground. JOHANNESBURG—Gold shares were generally easier, although some were higher on overseas interest. RMR gained 30 cents to R2.70 and Marietale 5 cents to R2.30. Financial Minings were virtually unchanged.

ALGERIA—Coals moved up, but overall trading was patchy, although the underlying tone remained good. Belamini gained 30 cents to \$3.20, Anstien and Butta each 15 cents to 1.45. Thiess gained 10 cents to 2.50. A.L. Resources were up 2 cents to 1.40, and Con. Allied 2 cents to 2.70, and Golar 8 cents to 55 cents. Utah were down 10 cents to \$4.00. Retailers, Waltons were up 4 cents to 1.03, Woolworths 1 cent to 1.10 and Grace Brothers 2 cents to 1.72.

GERMANY

AMSTERDAM

PARIS

BRUSSELS

STOCKHOLM

COPENHAGEN

OSLO

VIENNA

BERLIN

MILAN

ROMA

ATHENS

TEHRAN

BAHIA

SAO PAULO

RIO DE JANEIRO

BOGOTA

QUITO

LA PAZ

BUENOS AIRES

MONTEVIDEO

ASUNSION

CAIRO

ADDIS ABABA

NAIROBI

JOHANNESBURG

PRETORIA

CAPE TOWN

PORT ELIZABETH

DEARBORN

DETROIT

ANN ARBOR

STERLING—Improved against the gold content was 3.72 per cent. in U.S. dollar to the foreign exchange market yesterday, but was weaker overall against major currencies in general. The pound's trade-weighted average depreciation against 10 major currencies since the Washington Currency Agreement, as calculated by the Bank of England, widened to 26.7 per cent. from 26.6 per cent. after standing at 26.6 per cent. in early dealings and 26.5 per cent. in noon. In terms of the U.S. unit, sterling began at \$2.0625-2.0630, and improved to \$2.0630-2.0640, before closing at \$2.0635-2.0640, a gain of 60 points on the day. The dollar finished at its worst levels of the day in most European centres, following the forecast by the U.S. Treasury Under Secretary that the federal budget deficit would reach \$90m. during 1976. The dollar's trade-weighted average depreciation against 10 major currencies since the Washington Agreement, as calculated by Morgan Guaranty of New York, on noon rates, widened to 1.33 per cent. from 0.99 per cent. Gold made further gains, reflecting the upward movement in U.S. rates for forward delivery, and closed at \$140.1473, an improvement at \$2.1. The kruggerand for domestic delivery closed at \$143.1473 (271-72) against the previous \$142.7425 (270-71). The premium over U.S. dollars was 1.33 per cent.

SWISS FRANC

FOREIGN EXCHANGE

RIGHT RATES

EXCHANGE CROSS-RATES

EURO-CURRENCY INTEREST RATES

FORWARD RATES

JOHANNESBURG

JOHANNESBURG

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not include \$ premium, where  
are in place unless otherwise  
allow for all buying expenses.  
prices include all expenses.  
prices \$ Yield based on offer price.  
\$ Today's opening price  
free of U.K. taxes & offered  
all expenses except owner's  
Offered price includes all  
bought through members.  
er's price. % Net of tax on realized  
unless indicated by a % Guarantee  
suspended. A Single premium  
paid.



**HOTELS—Continued**[illegible]



STRAITS-Continued									
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INDUSTRIALS-Continued									
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PROPERTY-Continued									
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TRUSTS, FINANCE, LAND									
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TRUSTS-Continued									
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EASTERN RAND									
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DIAMOND AND PLATINUM									
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COOPER									
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PROPERTY									
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PAPER, PRINTING, ADVERTISING									
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SOUTH AFRICAN									
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TEXTILES									
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SHOES AND LEATHER									
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SHIPBUILDERS, REPAIRERS									
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MOTORS, AIRCRAFT TRADES									
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INSURANCE									
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GARAGES AND DISTRIBUTORS									
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NEWSPAPERS, PUBLISHERS									
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PROPERTY									
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